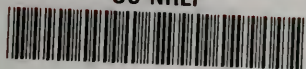
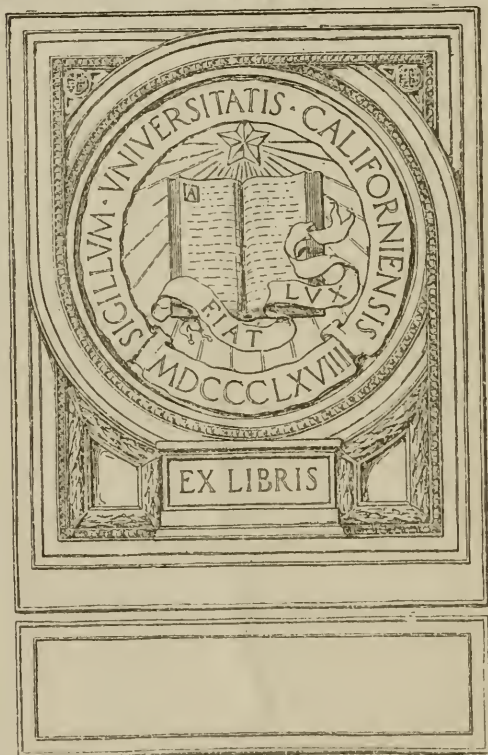


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AGRIC. EXPERIMENT STATION

CONFERENCE OF
Grain and Flour Trade
Representatives

with the
LIBRARY
OF THE
UNIVERSITY
CALIFORNIA
United States Wheat Director
Julius H. Barnes

CHICAGO, ILL.

MAY 7, 1920

LA SALLE HOTEL

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CONFERENCE OF
TRADE REPRESENTATIVES
with the
UNITED STATES WHEAT DIRECTOR

held at the

Hotel La Salle, Chicago, Illinois, May 7, 1920

JULIUS H. BARNES, Wheat Director, Presiding

The following delegates were present:

Abbott, H. A., Continental Seed Co., 327 So. La Salle Street, Chicago, Illinois.
Adams, J. H., Tri-State County Grain Shippers Assn., Minneapolis, Minn.
Adams, N. H., Decorah, Iowa.
Allen, J. M., Shellabarger Elevator Co., Decatur, Ill.
Allen, John D., Central Ky. Millers' Assn., Lexington, Ky.
Anderson, Rodney J., Northwestern Grain Dealers' Assn., Reaper Block, Great Falls, Montana.
Andrew, Edward, Board of Trade, Chicago, Ill.
Andrews, E. C., Millers' Federation, St. Louis, Mo.
Armstrong, Frank B., Armstrong Lee & Co., Zanesville, Ohio.
Arthur, James B., Ward Baking Co., New York City.
Atwood, H. J., Duluth Board of Trade, Duluth, Minn.
Avery, H. C., 310 E. 42d Street, New York City.
Ayers, W. L., Federal Reserve Board, Washington, D. C.
Aylsworth, G. A., A. J. Elevator Co., St. Joseph, Mo.
Bachman, J. R., Atlanta Milling Co., Atlanta, Ga.
Badenoch, J. J., J. J. Badenoch Co., Chicago, Ill.
Ballard, John O., Merchants Exchange, St. Louis, Mo.
Bascom, F. T., Bartlett Frazier Co., 208 W. Union Bldg., Chicago, Ill.
Baur, Andrew, Flour Trades Association, 102 N. 3d Street, St. Louis, Mo.
Bean, F. A., Jr., International Milling Co., New Prague, Minn.
Bell, James F., Millers' Advisory Committee, Minneapolis, Minn.
Benes, John F., Lothes & Benes, 726 S. Harvey Avenue, Oak Park, Ill.
Bingham, Harry H., Indianapolis Board of Trade, care of E. W. Bailey & Co., 820 Board of Trade, Indianapolis, Ind.
Bisco, Sidney, Harry Bisco, 109 N. Dearborn Street, Chicago, Ill.
Black, A. B., Corn Exchange, Buffalo, New York.
Boardman, W. A., East Side Iron Elevator, 904 Second National Bank, Toledo, Ohio.
Booth, Geo. E., Lamson Bros. & Co., 6 Board of Trade Bldg., Chicago, Ill.

Breaux, G. A., Ballard & Ballard Co., Louisville, Ky.
 Brennan, John E., John E. Brennan & Co., 111 W. Jackson Boulevard,
 Chicago, Ill.
 Brewer, Walter J., Community Millers' Association of America, 810 Cass
 Street, Chicago, Ill.
 Browder, J., Browder Milling Co., Fulton, Ky.
 Brown, J. S., Chicago, Board of Trade, Chicago, Ill.
 Brown, L. E., 1151 Chamber of Commerce, Minneapolis, Minn.
 Brown, E. B., Banner Grain Co., Minneapolis, Minn.
 Brown, F. M., Montana Flour Mills Co., Lewistown, Montana.
 Bucknell, H. W., Stockbridge Elevator Co., Jackson, Mich.
 Bunch, T. H., Eastern Selling Associates, New York City.
 Bywater, Benj. F., Lowell Hoit & Co., 52-54 Board of Trade, Chicago, Ill.
 Campbell, Edward G., Wm. Lindeke Roller Mills, St. Paul, Minn.
 Campbell, H. O., V. Thompson Co., 326 West Madison Street, Chicago, Ill.
 Chace, J. O., New York News Bureau, 332 So. La Salle Street, Chicago,
 Illinois.
 Challen, C. H., The Northwestern Miller, Chicago, Illinois.
 Chambers, C. C., Consumers' Grain Co., St. Paul, Minn.
 Chandler, J. W., Osakes Millers' Co., 6600 Wentworth Avenue, Osakis,
 Minn.
 Chase, L. C., Ohio State Millers' Association, Mansfield Milling Co.,
 Mansfield, Ohio.
 Clark, William J., 3d Floor Hearst Bldg., Chicago American, Chicago, Ill.
 Clemmens, Jas., American Society of Equity, Kansasville, Wis.
 Colquhoun, Fred W., Modern Miller, 1341 Insurance Exchange, Chicago,
 Illinois.
 Converse, W. F., Durum Wheat Interest, 112 Chamber of Commerce,
 Minneapolis, Minn.
 Corn, C. H., Lillie Mill Co., Franklin, Tenn.
 Craver, J. W., St. Joseph Grain Exchange, St. Joseph, Mo.
 Croarkin, Paul C., P. P. Croarkin & Son, 105 W. Monroe Street, Chicago,
 Illinois.
 Crosby, F. M., Chamber of Commerce, Minneapolis, Minn.
 Crowell, Frank G., Board of Trade, Kansas City, Mo.
 Curtis, J. F. L., Clement Curtis & Co., Rookery Bldg., Chicago, Ill.
 Cuscaden, H., Northern Trust Co., Garfield Avenue & Lincoln Park West,
 Chicago, Ill.
 Dahnker, Geo., Dahnker-Walker Milling Co., Union City, Tenn.
 Dahl, Ernest G., 112 W. Adams Street, Chicago, Ill.
 Dalrymple, Wm., Minneapolis, Chamber of Commerce, Minneapolis, Minn.
 Davis, F. H., Omaha Clearing House, Omaha, Nebraska.
 Davis, Geo. H., K. C. Board of Trade, 349 Board of Trade, Kansas City,
 Mo.
 Deprend, J., The Wholesale Grocer, 190 State Street, Chicago, Ill.
 Devore, H. R., President Toledo Produce Exchange, Toledo, Ohio.
 Dittmer, H., Oklahoma Millers' Association, El Reno, Okla.
 Doe, Welden W., Harvey Grain Co., 327 So. La Salle Street, Chicago, Ill.
 Donaldson, Samuel, 2121 Wilson Avenue, Chicago, Ill.
 Donna, M. J., National Macaroni Manufacturers' Association, Braid-
 wood, Ill.
 Dreher, J. H., Hezel Milling Co., East St. Louis, Ill.

Eber, Alvin, Cleveland & Son, Rochelle, Ill.
 Eckhardt, Wm. G., Illinois Agricultural Association, 130 N. Wills Street,
 De Kalb, Ill.
 Eckhardt, Wm. N., 111 Jackson Street, Chicago, Ill.
 Eckhart, B. A., B. A. Eckhart Milling Co., Chicago, Ill.
 Ehernberger, Gerald, Wells-Abbott-Nieman Co., Schuyler, Nebraska.
 Eisenmayer, W. C., Eisenmayer Milling Co., Springfield, Mo.
 Elliott, Frank R., Harris Trust & Savings Bank, P. O. Box 755, Chicago,
 Illinois.
 Essroger, C. V., First National Bank, Chicago, Ill.
 Everett, G. W., Southern Minnesota Mills, Waseca, Minn.
 Ewe, G. F., 713 Chamber of Commerce, Minneapolis, Minn.
 Fairchild, C. W., The Cleveland Milling Co., Cleveland, Ohio.
 Fedon, R. E., The Operative Miller Press, 537 So. Dearborn St., Chicago,
 Illinois.
 Ferguson, E. S., Duluth Board of Trade, Duluth, Minn.
 Flynn, John M., St. Joseph Grain Exchange, St. Joseph, Mo.
 Foley, Edw. W., U. S. Dept. of Agricultural, Foreign Markets, Wash-
 ington, D. C.
 Forsyth, J. R., Denver Grain Exchange, Longmont, Colorado.
 Gage, J. C., Winnipeg Grain Exchange, Winnipeg, Canada.
 Garthe, E. F., Whole Grain Wheat Co., Momence, Illinois.
 Gates, L. F., No. 6 Board of Trade, Chicago, Ill.
 Goemann, Henry L., The Goemann Grain Co., Mansfield, Ohio.
 Goetzmann, A. L., Millers' National Federation, La Crosse, Wis.
 Goodrich, P. E., Grain Dealers' National Association, Winchester, Ind.
 Graybill, Lee F., The Warwick Co., Massillon, Ohio.
 Grosvenor, O. B., Van Dusen Milling Co., Piqua, Ohio.
 Gustafson, C. H., Farmers' Union of Nebraska, Lincoln, Nebraska.
 Hales, G. W., Hales & Hunter Co., 725 N. Oak Park Avenue, Chicago, Ill.
 Hall, Manhall, care of Joenson Bros., Merchant Exchange, St. Louis, Mo.
 Hall, O. P., E. A. Grubk Grain Co., Greenville, Ohio.
 Hartley, John M., Retail Bakers' Association of America, 404 E. 61st
 Street, Chicago, Ill.
 Harter, G., Farmers' Coop. Shipping Elevator Co., Armour, So. Dakota.
 Hartman, H. A., Louis Hartman & Son, New Albany, Ind.
 Haskell, Frederick T., Illinois Trust & Saving Bank, Chicago, Ill.
 Haydon, J. R., Chicago Journal, 15-21 So. Market Street, Chicago, Ill.
 Hargis, B. L., K. C. Board of Trade, 307 Board of Trade Bldg., Kansas
 City, Ill.
 Hays, R. S., Missouri Grain Dealers, Sweet Springs, Mo.
 Hayward, W. H., Baltimore Chamber of Commerce, Baltimore, Md.
 Heath, Chas. A., President, Continental Seed Co., 444 East 42d Street,
 New York City.
 Hell, Wm. B., Dan Valley Mills, Danville, Va.
 Heiss, F. C., Bureau of Markets, Agriculture Dept., Washington, D. C.
 Helm, H. S., Russell Miller Milling Co., Minneapolis, Minn.
 Herbert, J. E., J. E. Herbert Co., 208 So. La Salle Street, Chicago, Ill.
 Hezel, Chas. J., Hezel Milling Co., East St. Louis, Ill.
 Hickok, Eugene H., Counsel American Association Baking Industry,
 367 So. Boulevard, New York City.
 Higgins, John A., West Michigan Millers' Club, Grand Rapids, Mich.

Holte, O. E., American Bakeries, 116 S. Michigan Avenue, Chicago, Ill.
 Horan, Hubert J., Commercial Exchange, 667-69 Bourse Bldg., Philadelphia, Pa.
 Hornaday, Hilton, Minneapolis Tribune, Minneapolis, Minn.
 Horner, F. G., Illinois Grain Dealers, Lawrenceville, Ill.
 Hoxey, E. F., 6226 Champlain Avenue, Chicago, Ill.
 Hudson, W. E., Chicago Board of Trade, Wilmette, Ill.
 Hughes, E. J., First Wisconsin National Bank, Milwaukee, Wis.
 Husband, A. P., Millers' National Federation, 309 So. La Salle Street, Chicago, Ill.
 Jacobowsky, M., Fort Dearborn National Bank, 76 W. Monroe Street, Chicago, Ill.
 Jenison, H. N., Grandville Elevator Co., Grandville, Mich.
 Jones, G. G., Knollenberg Milling Co., Quincy, Ill.
 Jones, H. P., Downers Grove, Ill.
 Jones, J. J., Chicago Board of Trade, 213 S. Humphrey Avenue, Oak Park, Ill.
 Jones, R. E., Tri-State Country Shippers' Association, Wabasha, Minn.
 Johnson, H. E., Denver Grain Association, Denver, Colo.
 Johnson, W. S., V. Thompson Co., 326 W. Madison Street, Chicago, Ill.
 Johnston, I. B., New Prague Flour Mill, New Prague, Minn.
 Keating, Maurice, Northrup King & Co., Minneapolis, Minn.
 Keefe, L. J., The Updike Grain Co., Milwaukee, Wis.
 Keilholtz, Kent D., Southworth & Co., Toledo, Ohio.
 Kell, Frank, Texas Mills, Wichita Falls, Texas.
 Kelly, Andrew, Winnipeg Grain Exchange, Winnipeg, Canada.
 Kelly, E. M., Liberty Mills, Nashville, Tenn.
 Kemp, Wm. H., New York Produce Exchange, New York City.
 Kempner, A., Chicago Board of Trade, Chicago, Ill.
 King, H. H., Southern Minn. Mills, Minneapolis, Minn.
 Knighton, S., Federated Flour Clubs, Produce Exchange, New York City.
 Kovarik, Frank J., Van Dusen Milling Co., Minneapolis, Minn.
 Kristan, Frank J., Van Dusen Milling Co., Minneapolis, Minn.
 Lackey, D. W., American Corn Millers' Federation, 726 Postal Tel. Bldg., Chicago.
 Larsen, Fred, Habel Ambrusta Larsen Co., 602 W. Austin Ave., Chicago, Illinois.
 Leach, Paul R., The Chicago Daily News, 15 N. Wells St., Chicago, Ill.
 Leask, A., J. E. Bennett Co., 300 Postal Tel. Co., Chicago, Ill.
 Levy, B., Stiefel & Levy, Fort Wayne, Ind.
 Lillie, J. P., Flour Trades' Association, St. Louis, Mo.
 Linderholm, J. A., Omaha Grain Exchange, 528 Grain Exchange, Omaha, Nebraska.
 Lingham, F. J., Federal Milling Co., Lockport, N. Y.
 Little, W. V., Western Warehousing Co., 323 W. Polk Street, Chicago, Illinois.
 Logan, F. P., Farnum Winter & Co., 219 So. La Salle St., Chicago, Ill.
 Loring, A. C., Pillsbury Flour Mills, Minneapolis, Minn.
 Lynch, J. A., The National Bank of the Republic, 39 La Salle St., Chicago, Ill.
 McBride, C. L., Farmers' Grain Co., Kenney, Ill.
 McCabe, W. J., Duluth Board of Trade, Duluth, Minn.

McDougal, E. D., Chicago Board of Trade, Chicago, Ill.
 McGuire, L. J., A. W. Walsh Co., Kalamazoo, Mich.
 McKeown, W. H., Pike Milling Co., Griggsville, Ill.
 McLaury, W. G., National City Bank of Chicago, Chicago, Ill.
 McLemore, J. B., Southeastern Millers' Association, Nashville, Tenn.
 McSwigan, J. A., Denver Grain Exchange, Denver, Colorado.
 Mack, E. F., Central Trust Co. of Illinois, 125 W. Monroe street, Chicago, Illinois.
 MacMillan, J. H., Minneapolis Chamber of Commerce, Minneapolis, Minn.
 Manning, J. H., Bernhard Stern & Sons, Inc., 315 Court St., Milwaukee, Wis.
 Marr, B. W., Millers' Advisory Commission, Columbus, Ohio.
 Martin, W. J., Phoenix Milling Co., Davenport, Iowa.
 Mauff, J. R., Board of Trade City of Chicago, Evanston, Ill.
 Merrick, H. H., Mississippi Valley Association, Great Lakes Trust Co., Chicago, Ill.
 Michaels, C. D., Chicago Tribune, Chicago, Ill.
 Miles, R. T., Bureau of Markets, U. S. Department of Agriculture, Washington, D. C.
 Miles, W. S., Peoria Board of Trade, Peoria, Ill.
 Milnor, G. S., Barnes Millers Advisory Committee, Alton, Ill.
 Mitchel, O. M., New York Produce Exchange, New York City.
 Mohler, J. C., Kansas Board of Trade, Topeka, Kansas.
 Moore, J. A., J. A. Moore Grain Co., Sterlings, Colorado.
 Morris, J. R., International Milling Co., Minneapolis, Minn.
 Morrison, J. W., Lexington Roller Mills Co., Lexington, Ky.
 Morrissey, J. O., Flour Trade Association, St. Louis, Mo.
 Moses, L. E., Millers' Advisory Committee, Kansas City, Mo.
 Mreongot, J. B., Federal Reserve Bank, Chicago, Ill.
 Murphy, M. F., Murphy Grain Co., Springfield, Ill.
 Neblett, J. M., The Ascue Mills, Hopkinsville, Ky.
 Nelson, F. G., Merchants' Loan & Trust Co., Chicago, Ill.
 Niemeier, Chas. L., Merchants' Exchange, St. Louis, Mo.
 Oliver, G. G., Community Millers' Association, 181 Quincy St., Chicago, Illinois.
 Orrbaugh, G. E., Community Millers' Association, 181 Quincy St., Chicago, Illinois.
 Osman, E. G., "Price Current", Chicago, Ill.
 Owen, H. N., Farm Stock & Home, Minneapolis, Minn.
 Owens, C. A., Marion National Mill, Marion, Ohio.
 Paine, P. M., Chicago Board of Trade, Chicago, Ill.
 Patterson, F. W., Farnum Winter & Co., Chicago, Ill.
 Peck, E. P., Terminal Elevator Grain Warehouse Association, 416 Grain Exchange, Omaha, Neb.
 Peterson, H. H., Milwaukee Chamber of Commerce, Milwaukee, Wis.
 Phelan, F. J., Milwaukee Chamber of Commerce, 13 Chamber of Commerce, Milwaukee, Wisconsin.
 Pickell, M. W., American Cooperative Manager, 608 So. Dearborn Street, Chicago, Ill.
 Powell, G. F., Merchants' Exchange of St. Louis, 836 Pierce Bldg., St. Louis, Mo.
 Powell, L. H., Wichita Board of Trade, Wichita, Kansas.

Price, D. J., Bureau of Chemistry, U. S. Department of Agriculture, Washington, D. C.

Pride, R., American Elevator & Grain Trade, Chicago, Ill.

Quinn, Chas., Sect. Grain Dealers' National Association, Toledo, Ohio.

Radford, J. W., Chicago Board of Trade, Chicago, Ill.

Randells, W. M., Oklahoma Grain Dealers' Association, Enid, Okla.

Reeves, O. T., Jr., Corn Exchange National Bank, Chicago, Ill.

Renstrom, W. C., Rosenbaum Bros., 77 Board of Trade, Chicago, Ill.

Reimann, H. W., Indiana Grain Dealers Association, Shelbyville, Ind.

Rice, F. B., Star & Crescent Milling Co., Chicago, Ill.

Richardson, W. M., Com. Exchange, Philadelphia, Pa.

Robinson, A. C., Merchants' Exchange, 1033 Pierce Bldg., St. Louis, Mo.

Rossing, R. R., Grain Dealers' Journal, Chicago, Ill.

Rowe, Wm. S., Western Michigan Millers' Club, Grand Rapids, Mich.

Sager, H. M., Chicago Board of Trade, Chicago, Ill.

Salyards, H. F., Duluth Board of Trade, Duluth, Minn.

Savage, H. H., St. Joseph Grain Exchange, St. Joseph, Mo.

Sayre, L. T., J. Rosenbaum Grain Co., 417 Postal Tel. Bldg., Chicago, Ill.

Schaefer, J., Rosenbaum Review, 428 Postal Tel. Bldg., Chicago, Ill.

Schwandner, F. M., Babcock Rushton & Co., 137 So. La Salle St., Chicago, Illinois.

Shanahan, J. D., Niagara Falls Milling Co., Buffalo, New York.

Shellabarger, L. C., Shellabarger Mill & Elevator Co., Salina, Kansas.

Sheffield, B. B., Big Diamond Milling Co., Minneapolis, Minn.

Shepard, D. A., "Price Current", Chicago, Ill.

Shine, J. H., J. H. Shine & Co., New Albany, Ind.

Silver, G., Produce Exchange, New York City.

Simons, J., Chicago Board of Trade, 330 Postal Tel. Bldg., Chicago, Ill.

Smith, F. C., Chas. Mix County Milling Co., Platte, So. Dakota.

Smith, J. P., G. B. R. Smith Milling Co., Sherman, Texas.

Smith, Powell, J. A. Smith & Co., Knoxville, Tenn.

Snow, B. W., Orange Judd Farmer, 523 Plymouth Court, Chicago, Ill.

Snyder, C. A., Electric Bakeries Co., 327 W. 63d Street, Chicago, Ill.

Sosland, D. M., Milling & Grain News & Flour Trade Association, St. Louis, Mo.

Spaulding, C. B., The New Century Co., 39-40 So. Union Avenue, Chicago, Ill.

Starkey, H. A., Duluth Board of Trade, Duluth, Minn.

Steele, Edw. B., 4619 N. Racine Avenue, Chicago, Ill.

Steen, H., "Prairie Farmer," Chicago, Ill.

Steinauer, A., Tell City Flouring Mills, Tell City, Ind.

Stern, W., Wisconsin State Millers' Association, 315 Court Street, Milwaukee, Wis.

Stock, A. D., Stock & Sons, Hillsdale, Mich.

Stout, C. B., Stout Hunt Milling Co., Memphis, Tenn.

Strouts, E. E., Ladish Milling Co., Milwaukee, Wis.

Stults, E. M., The Buckeye Cereal Co., Massillon, Ohio.

Suckow, K. H., Suckow Milling Co., Franklin, Ind.

Templeton, C. K., care of J. S. Templeton Sons, 924 Postal Tel. Bldg., Chicago, Ill.

Thayer, C. H., C. H. Thayer & Co., Chicago, Ill.

Toppin, A. U., Toppin Bakery, Cambridge City, Ind.

Toppin, Vernon, Nashville Grain Exchange, Nashville, Tenn.
 Valier, L. A., St. Louis Millers' Club, St. Louis, Mo.
 Van Dusen, F. C., Grain Trade Advisory Committee, Minneapolis, Minn.
 Vaughan, J., Chicago, Ill.
 Vehon, L. S., M. L. Vehon & Co., 729 Webster Bldg., Chicago, Ill.
 Voight, F. A., Voight Milling Co., Grand Rapids, Mich.
 Waitzmann, O., Rosenbaum Bros., 77 Board of Trade, Chicago, Ill.
 Wagner, E. S., Star & Crescent Milling Co., Chicago, Ill.
 Walsh, J. F., A. W. Walsh Co., Kalamazoo, Mich.
 Watkins, F. E., Cleveland Grain & Hay Exchange, Cleveland, Ohio.
 Warden, P. S., St. Paul Pioneer Press, Chicago, Ill.
 Warren, G. B., Stronghurst Grain & Merchandise Co., Stronghurst, Ill.
 Watson, J. H., Merchants Exchange, St. Louis, Mo.
 Watson R. G., Farnum Winter & Co., Chicago, Ill.
 Wegener, G. A., 305 So. La Salle Street, Chicago Board of Trade, Chicago, Illinois.
 Weinmyer, F., Security Flour Co., 189 W. Madison Street, Chicago, Ill.
 Wells, F. B., Minneapolis Chamber of Commerce, Minneapolis, Minn.
 Wells, G. A., Western Grain Dealers Association, Des Moines, Iowa.
 Weymouth, G., "Farm Life," Spencer, Ind.
 Wheeler, H. A., Union Trust Co., Chicago, Ill.
 Williams, J. E., Winter Truesdell Ames Co., Minneapolis, Minn.
 Williams, P. H., Williams Bakery, Scranton, Pa.
 Willaman, Edson S., Orrville Milling Co., Orrville, Ohio.
 Winter, F. G., Quaker Oats Co., 1700 Railway Exchange, Chicago, Ill.
 Winters, L. L., Director, Chicago Board of Trade, Chicago, Ill.
 Winters, Ralph S., Dillie Mills, Adams, Tenn.
 Witkowsky, J., "Enforcement", 4722 Greenwood Avenue, Chicago, Ill.
 Wold, Theodore, Clearing House Association, North West National Bank, Minneapolis, Minn.
 Wunder, B. H., New York Produce Exchange, New York City.
 Yohe, C. E., The B. B. Milling Co., Canton, Ohio.
 Zaring, Allen, J. W. Zaring Grain & Mill Co., Richmond, Ky.
 Zimmerman, C. H., Midland Flour Milling Co., Kansas City, Mo.
 Zowheld, Eugene J., Flour Trade Association of St. Louis, St. Louis, Mo.

THE FOLLOWING REPRESENTING THE UNITED STATES GRAIN CORPORATION
 WERE PRESENT:

Brandies, Alfred, United States Food Administration, Cereal Enforcement Division, Louisville, Ky.
 Carey, Frank L., Second Vice-President, United States Grain Corporation, Minneapolis, Minn.
 Farrel, Wm. J., United States Grain Corporation, 115 So. Dearborn Street, Chicago, Ill.
 Flesh, Edward M., Treasurer United States Grain Corporation, 42 Broadway, New York City.
 Fox, C. B., Second Vice-President, United States Grain Corporation, New Orleans, La.
 Gallagher, C. V., United States Grain Corporation, 115 So. Dearborn Street, Chicago, Ill.
 Ginder, P. H., Second Vice-President, United States Grain Corporation, Duluth, Minn.

Irwin, H. D., Second Vice-President, United States Grain Corporation, Philadelphia, Pa.
 Jackson, Geo. S., Second Vice-President, United States Grain Corp., Baltimore, Md.
 Jackson, Howard B., Second Vice-President, United States Grain Corporation, Chicago, Ill.
 Kennedy, Chas., Second Vice-President, United States Grain Corporation, Chamber of Commerce Bldg., Buffalo, N. Y.
 Lang, B. H., Second Vice-President, United States Grain Corporation, St. Louis, Mo.
 Moore, Watson S., Second Vice-President, United States Grain Corporation, 42 Broadway, New York City.
 Neal, Chas. T., Second Vice-President, United States Grain Corporation, Omaha, Neb.
 Newing, E. F., Second Vice-President, United States Grain Corp., Galveston, Texas.
 Peterson, V. J., 115 So. Dearborn Street, Chicago, Ill.
 Piazzek, D. F., Second Vice-President, United States Grain Corporation, Kansas City, Mo.
 Shattuck, Edwin P., First Vice-President, United States Grain Corporation, 42 Broadway, New York.
 Squire, Chas. R., United States Grain Corp., 115 So. Dearborn St., Chicago, Ill.
 Starr, W. A., Second Vice-President, United States Grain Corporation, 343 Sansome Street, San Francisco.
 Williamson, C. H., U. S. Grain Corporation, 115 So. Dearborn Street, Chicago, Ill.

LIST OF VARIOUS ORGANIZATIONS INVITED TO THE TRADE CONFERENCE
 LA SALLE HOTEL, CHICAGO, MAY 7, 1920.

Flour Jobbers—

Illinois Wholesale Grocers' Association, Bloomington, Ill.
 Missouri Wholesale Grocers' Association, Springfield, Mo.
 Wholesale Grocers' Association, Pittsburgh, Pa.

Grain Exchanges—

Board of Trade, Topeka, Kans.
 Board of Trade, Atchison, Kans.
 Board of Trade, New Orleans, La.
 Board of Trade, Detroit, Mich.
 Board of Trade, Chicago, Ill.
 Board of Trade, Duluth, Minn.
 Board of Trade, Kansas City, Mo.
 Board of Trade, Salina, Kans.
 Board of Trade, Sioux City, Iowa.
 Board of Trade, Galveston, Tex.
 Board of Trade, Peoria, Ill.
 Board of Trade, Wichita, Kans.
 Board of Trade, Indianapolis, Ind.
 Board of Trade, Louisville, Ky.
 Board of Trade, Enid, Okla.

Grain Exchanges (Continued)—

Chamber of Commerce, Seattle, Wash.
Chamber of Commerce, Tacoma, Wash.
Chamber of Commerce, Astoria, Ore.
Chamber of Commerce, Minneapolis, Minn.
Chamber of Commerce, Baltimore, Md.
Chamber of Commerce, Milwaukee, Wis.
Chamber of Commerce, Boston, Mass.
Chamber of Commerce, San Francisco, Cal.
Commercial Exchange, Atlanta, Ga.
Commercial Exchange, Philadelphia, Pa.
Corn Exchange, Buffalo, N. Y.
Grain Exchange, Richmond, Va.
Grain Exchange, Ogden, Utah.
Grain Exchange, Oklahoma City, Okla.
Grain Exchange, Pittsburg, Pa.
Grain Exchange, Los Angeles, Cal.
Grain Exchange, Omaha, Neb.
Grain Exchange, St. Joseph, Mo.
Grain Exchange, Denver, Colo.
Grain Exchange, Nashville, Tenn.
Grain and Cotton Exchange, Ft. Worth, Texas.
Grain and Hay Exchange, Cincinnati, O.
Grain and Hay Exchange, Cleveland, O.
Utah-Idaho Grain Exchange, Salt Lake City, Utah.
Merchants Exchange, Memphis, Tenn.
Merchants Exchange, St. Louis, Mo.
Merchants Exchange, Portland, Oregon.
Merchants Exchange, Seattle, Wash.
Produce Exchange, Toledo, O.
Produce Exchange, New York City, N. Y.

Millers' Organizations—

Virginia Wheat Millers' Association, Staunton, Va.
Montana Millers' Association, Great Falls, Mont.
New Mexico Millers' Association, Albuquerque, New Mexico.
Millers' Exchange, Kansas City, Mo.
Nebraska Millers' Association, Omaha, Neb.
Central Kentucky Millers' Association, Lexington, Ky.
Southwestern Missouri Millers' Association, Aurora, Mo.
South Pacific Millers' Association, San Francisco, Cal.
New York State Millers' Association, Buffalo, N. Y.
Community Millers' Association of America, Owensboro, Ky.
West Kentucky and Tennessee Millers' Association, Fulton, Ky.
Wisconsin State Millers' Association, Neenah, Wis.
A. P. Husband, Secretary Millers' National Federation, Chicago, Ill.

Producers and Grain Dealers—

South Dakota Farmers' Grain Dealers' Association, Sioux Falls,
So. Dak.
Farmers' Cooperative Grain and Live Stock Association, Omaha,
Neb.
Washington Grain Growers' Association, Spokane, Wash.

Producers and Grain Dealers (Continued)—

New York State Grange Exchange, Syracuse, N. Y.
Northwestern Grain Dealers' Association, Great Falls, Mont.
Tri-State Country Grain Shippers' Association, Minneapolis, Minn.
Western Grain Dealers' Association, Cedar Rapids, Iowa.
Pacific Northwest Grain Association, Seattle, Wash.
Texas Grain Dealers' and Panhandle Grain Dealers' Association,
Waco, Texas.
Oklahoma Grain Dealers' Association, Marshall, Okla.
Illinois Grain Dealers' Association, Delavan, Ill.
Terminal Grain Merchants' Association, Minneapolis, Minn.
Farmers' Grain Dealers' Association of Illinois, Bloomington, Ill.
Missouri Grain Dealers' Association, Mexico, Mo.
Indiana Grain Dealers' Association, Indianapolis, Ind.
E. P. Peck, Terminal Elevator Grain Merchants' Association,
Oneda, Neb.
Terminal Elevator and Grain Merchants' Association, Milwaukee,
Wis.
Indiana Federation of Farmers' Associations, Indianapolis, Ind.
Illinois Agricultural Farmers' Association, Chicago, Ill.
National Board of Farm Organizations, Catawissa, Pa.
C. W. Holman, National Board of Farm Organizations, Washing-
ton, D. C.
G. A. Wells, Western Grain Dealers' Association, Des Moines, Iowa.
Southern Illinois Millers, care of Merchants' Exchange, St. Louis,
Mo.
Grain Dealers' National Association, P. E. Goodrich, President,
Winchester, Ind.
Kansas Grain Dealers' Association, Topeka, Kans.
Oklahoma Grain Dealers' Association, Oklahoma City, Okla.
Texas Grain Dealers' Association, Ft. Worth, Texas.
Panhandle Grain Dealers' Association, Amarillo, Tex.
Oklahoma Grain Dealers' Association, Ponca City, Okla.
Wichita Terminal Elevator Co., Wichita, Kans.
Utah-Idaho Millers and Grain Dealers' Association, Murray, Utah.
Ohio Grain Dealers' Association, Columbus, O.
Grain Dealers' National Association, Chas. Quinn, Secretary, Tole-
do, O.
San Francisco Grain Trade Association, San Francisco, Cal.
Lake Grain Elevator Association, Buffalo, N. Y.
City Elevator Exchange, Buffalo, N. Y.

Baking Industries—

Association of American Baking Industry, Milwaukee, Wis.
State of Washington Association Baking Industry, Seattle, Wash.
Rhode Island Baking Industry, Pawtucket, R. I.
American Association Baking Industry, New York City, N. Y.
California Bakers' Association, San Francisco, Cal.
Trans-Mississippi Bakers' Association, Kansas City, Mo.

Bakers' Papers—

Bakers' Helper, Chicago, Ill.
National Baker, Philadelphia, Pa.

Agricultural Papers—

H. N. Owen, Farm Stock and Home, Minneapolis, Minn.
Price Current Grain Reporter, Chicago, Ill.
Orange Judd Publications, Springfield, Mass.
National Stockman and Farmer, Philadelphia, Pa.
Modern Miller, Chicago, Ill.
Prairie Farmer, Chicago, Ill.
Geo. Weymouth, Farm Life, Spencer, Ind.
Inter-Ocean and Farmer, Chicago, Ill.
Gleaner, Detroit, Mich.
Wisconsin Farmer, Madison, Wis.
Northwestern Agriculturist, Minneapolis, Minn.
Missouri Valley Farmer, Topeka, Kans.
Oklahoma Farmer and Stockman, Oklahoma City, Okla.
Nebraska Farm Journal, Omaha, Neb.
Up-to-Date Farming, Indianapolis, Ind.
Ralph Pickell, Rosenbaum Review, Chicago, Ill.
Farm News, Springfield, O.
Pacific Northwest, Portland, Oregon.
Southern Ruralist, Atlanta, Ga.
Southern Agriculturist, Nashville, Tenn.
Western Empire, Los Angeles, Cal.
American Elevator & Grain Trade, Chicago, Ill.
Southwestern Grain and Flour Journal, Wichita, Kans.
Western Grain Journal, Kansas City, Mo.
Dow, Jones & Co., New York City, N. Y.
Journal of Commerce, New York City, N. Y.
W. C. Edgar, Northwestern Miller, Minneapolis, Minn.

Grocers' Trade Publications—

Merchants' Journal of Commerce, Richmond, Va.
Twin City Commercial Bulletin, Minneapolis, Minn.
Montana Trade Journal, Great Falls, Mont.
Indianapolis Trade Journal, Indianapolis, Ind.
Cincinnati Jobber and Retail Grocer, Cincinnati, O.
Commercial Bulletin, Los Angeles, Cal.
Pacific Coast Gazette, San Francisco, Cal.

Individuals—

C. M. Eickenberry, Hamilton, O.
E. C. Eickenberry, Camden, O.
C. E. Elmquist, Minnesota Railway & Warehouse Committee, St. Paul, Minn.
J. W. Shorthill, Omaha, Neb.
G. A. Zabriskie, Produce Exchange, New York City, N. Y.
C. H. Gustafson, President Farmers' Union, Omaha, Neb.
E. P. Hubbard, Secretary Farmers Co-op. Grain and Live Stock Association, Omaha, Neb.
Buffalo Flour Club, Buffalo, N. Y.
Philadelphia Flour Club and Commercial Exchange, Philadelphia, Pa.
Flour Men's Club, 15 W. Ohio Street, Chicago, Ill.
New York Flour Club, Inc., 16 Beaver Street, New York City, N. Y.
Federal Reserve Bank, Washington, D. C.

Grain Trade Advisory Committee—

- Van Dusen, F. C., Chairman, Chamber of Commerce, Minneapolis, Minn.
McDougal, E. D., Armour Grain Co., Chicago, Ill.
Shields, Edward, Simonds-Shields-Lonsdale Co., Kansas City, Mo.
Powell, L. H., Wichita, Kans.
Horner, F. A., President, Illinois Grain Dealers' Association, Lawrenceville, Ill.
Randels, W. M., President, Oklahoma Grain Dealers' Association, Enid, Okla.
Eckhardt, W. N., Pope & Eckhardt, Chicago, Ill.
Ballard, J. O., St. Louis, Mo.
King, Frank I., Toledo, O.
Mitchell, O. W., Produce Exchange, New York City, N. Y.
Hall, Herbert F., Hall-Baker Grain Co., Kansas City, Mo.
Armstrong, S. C., Merchants' Exchange, Seattle, Wash.
Meich, H. R., Argyle, Minn.

Flour Milling Advisory Committee—

- Bell, James F., Chairman, Washburn-Crosby Co., Minneapolis, Minn.
Lingham, Fred J., Federal Milling Co., Lockport, N. Y.
Kelly, E. M., Nashville, Tenn.
Mennell, Mark M., Mennell Milling Co., Toledo, O.
Marr, B. W., Gwinn Milling Co., Columbus, O.
Eckhardt, B. A., Eckhardt Milling Co., Chicago, Ill.
Loring, A. C., Pillsbury Flour Mills Co., Minneapolis, Minn.
Sherwood, J. W., Royal Milling Co., Great Falls, Mont.
Plant, Samuel, Geo. P. Plant Milling Co., St. Louis, Mo.
Milnor, Geo. S., Sparks Milling Co., Alton, Ill.
Hoffman, E. V., Kansas Flour Mills Co., Kansas City, Mo.
Moses, Lee E., Kansas City Flour Mills Co., Kansas City, Mo.
Kell, Frank, Wichita Mill & Elevator Co., Wichita Falls, Tex.
Ganong, J. W., Portland Flour Mills Co., Portland, Ore.
Fisher, O. D., Fisher Flouring Mills Co., Seattle, Wash.
McNear, S. B., Sperry Flour Co., San Francisco, Cal.
Ring, Geo. W., Edinburg, Va.
Chapman, J. R., Enid, Okla.

Flour Jobbers' Advisory Committee—

- Horan, Hubert J. Chairman, President, Flour Club of Philadelphia, 699 Bourse Bldg., Philadelphia, Pa.
Sands, F. E., Sands, Taylor & Wood Co., 131 State Street, Boston, Mass.
Shirk, Charles, 332 Produce Exchange, New York City, N. Y.
Mears, A. W., White & Co., Baltimore, Md.
Paine, J. R., The White, Wilson, Drew Co., Memphis, Tenn.
Arthur, Jas. B., Chairman, Ward Baking Co., New York City, N. Y.

Advisory Committee of the Baking Industry—

Tipton, Harry, Shults Baking Co., Brooklyn, N. Y.
Metz, Leonard, 989 So. Orange Avenue, Newark, N. J.
Taylor, St. John, Cushman's Sons, Inc., 49 Manhattan Street, New York City.
Barber, Jesse N., Hill Bread Co., Trenton, N. J.

Additional Names—

C. E. Spence, Master, Oregon State Grange, Oregon City, R. F. D., Ore.
A. A. Shumway, President, Farmers' Union of Oregon, Freewater, Ore.
Wm. Bouck, Master, Washington State Grange, Sedrowolley, Wash.
A. A. Elmore, President, Farmers' Union of Washington, Spokane, Wash.
M. J. Kerr, President, Intermountain Farmers' Equity, Pocatello, Idaho.
S. J. Lowell, President, National Grange, Fredonia, N. Y.
John Miller, President, Illinois Farmers' Grain Dealers, Galvais, Ill.
J. A. Hudson, President, Missouri Farmers' Association, Columbia, Mo.
L. M. Mosher, President, State Farm Advisors' Association, Eureka, Illinois.
W. I. Drummond, Chairman, International Farm Congress, New York Life Bldg., Kansas City, Mo.
Morris McAullisse, President, Kansas Farmers' Union, Salina, Kans.
Farmers' Grain Dealers' Association, Thompson, N. D.
Farmers' Grain Dealers' Association, Omaha, Neb.
Farmers' Grain Dealers' Association, Hutchinson, Kans.
Farmers' Grain Dealers' Association, Lambert, Okla.
Farmers' Grain Dealers' Association, Benson, Minn.
Farmers' Grain Dealers' Association, Fort Dodge, Iowa.
Farmers' Grain Dealers' Association, Wolcott, Ind.
Farmers' Grain Dealers' Association, Defiance, Ohio.
Farmers' Union, Omaha, Neb.
Intermountain Equity Union, Pocatello, Idaho.
National Council Farmers' Co-op. Association, Fort Dodge, Iowa.
Farmers' Equity Union, Greenville, Ill.
W. M. Giles, Master, New York State Grange, Skeaneteles, N. Y.
Roy Shephard, President, Batavia Co-op. Association, Batavia, N. Y.
E. W. Matthews, President, Leroy Co-op. Association, Leroy, N. Y.
Charles Slocum, Perry Co-op. Association, Perry, N. Y.

PROCEEDINGS OF GRAIN TRADE CONFERENCE

CHICAGO, MAY 7, 1920

The CHAIRMAN—Gentlemen, we are gathered in this conference to consider a serious, but not insoluble crisis of the grain handling machinery of the United States.

I want to thank you all for coming here in response to this call to enter into the solution of this question by free interchange of views and suggestions, as honest men sincerely desiring to help aid in the proper solution of these problems, on which a considerable part of the prosperity of this country depends.

I have prepared a formal statement to make to you of the difficulties which are now to be faced by the trades, as we see them. That I shall present to you in a few minutes.

As a preliminary, in order that we may know who is here, and who the accredited representatives are, I want to ask you all to fill out a registration card, filling in your name, address and the representation you have here, and be sure that we have that list complete, if you please? Therefore, for the next few minutes, let us make sure that the registration is complete, and in respect to those who have not signed cards, will you please raise your hands so that the ushers may pass one of these cards to you, which please fill out, and then the ushers will collect the cards from you.

Gentlemen, we have made the invitation to this meeting as wide as possible, stipulating only that those who come and speak in the meeting should be the representative of some organization. Manifestly, it was impossible to cover all the organizations of the country, yet we feel we have succeeded in reaching most of them.

I have asked you to come into conference at this time because there is now approaching, for the first time in three years, the entire freeing of the grain trade of this country. The Grain Corporation, which has been a stabilizing influence for three years, will shortly retire. The channels of private activity have been partially disused and more or less broken. It is for you

practical men, by conference together, to consider what hazards there are in the re-introduction of the entire former freedom of private initiative, and to consider how they can best be met.

For the purpose only of setting forth the problems which we see, and to be met, I have prepared a formal statement, which I will read for a basis of the discussion to follow. This statement in printed form will be handed to you at the close of its reading so that you may have a copy of it with you for discussion among yourselves of the problems it may present. So that, if you will bear with me, I want now to read this statement.

STATEMENT OF UNITED STATES WHEAT DIRECTOR OPENING TRADE CONFERENCE AT CHICAGO, MAY 7, 1920.

From the very beginning of war administration, the Food Administration and the Wheat Director have sought for their guidance the opinions and suggestions of men of experience in the various trades.

The first conference, in August, 1917, held in Washington, planned those steps for wheat administration which carried us through the first year of war.

This was followed by the Grain Trade Conference in April, 1918, and again in June, 1919.

Each year presented its own peculiar problem. We had a great confidence that experienced men, keeping in mind the National interest involved, would give, in all sincerity, their advice, and that such advice, so given, would be most helpful.

The record of three years of co-operation and administration which resulted from those methods does, I believe, justify that confidence.

We now approach the termination of three years of Government administration, and at least it may be claimed that it has had a stabilizing influence, reducing trade hazards, and making trade processes more secure. The withdrawal of that stabilizing influence introduces new conditions. It is well that those affected should come together for a discussion from which may come a better understanding of the problems that must be solved and the hazards that must be faced. The same American courage and resourcefulness must be drawn upon in this time of world disorganization as in the years of war.

For the past year the United States Grain Corporation has been redeeming a war pledge which extended into peace times.

It has discharged the responsibilities imposed on it. The guarantee made to the producers of wheat has been carried out in full; the United States has been protected against enhancement of its liabilities, and the appropriation of One Billion Dollars preserved intact; the people of the United States have been aided to purchase wheat products at a reasonable price, as directed in the statute; and all of this has been done by approved commercial practices. Trade contracts entered into voluntarily, after full discussion, perfected an administration that solved the difficulties that a year ago seemed insuperable.

It has been the Wheat Director's purpose, while discharging the obligations of that office, to reinstate the normal processes of trade.

Moreover, the Wheat Guaranty Act itself directed that the President should "take seasonable steps to provide for and to permit the establishment of a free and open market for the purchase, sale and handling of wheat and wheat products upon the expiration of this Act," quoting in the language of the statute.

This obligation and the definite intention of the Administration to release grain marketing from its war control and to return it to private enterprise makes desirable a discussion of National and world conditions that affect this change.

A year ago it was expected that, with the establishment of peace, European conditions would have stabilized; that their own people could re-establish overseas commerce. It was expected that the overseas trade in wheat could be returned to the established commercial facilities which had formerly conducted that trade. The play of individual opinion, it was expected, could more flexibly meet the changing conditions of trade in a world crop maturing in some section of the globe each month. The necessarily rigid operation of Government bureaucracies could be displaced, it was hoped.

I am sorry to say that this hope has not been fully realized. European disorganization has been found more complete, the weakness of their commercial position more terribly strained by war than had been generally believed, and the delay in final peace measures more disastrous to the commercial structure than could have been foreseen.

So far indeed from finding that our war price pledge carried Government interference in America a year behind the reconstruction measure of European countries, we find that the approaching release of American grain business from Government interference will be defeated in its hopes of establishing a

free overseas trade. European countries have had fastened on them by sheer necessity a form of further Government operation which seems more difficult to shake off than war measures themselves.

I think we should consider their difficulties with great sympathy. Our own fortunate position, producing beyond mishap more food than our people can require, and therefore free from the deadly fear of famine, should make us more sympathetic in considering the problem of these countries requiring the import of food for the very lives of their people, even while we take steps to protect the rightful interests of our own country.

The national subsidy of bread in Europe has crept in, in an effort to protect their consumers against inflated costs of living which would strain their social structure. We can, without unkindness, criticize a national policy which on such theory takes from the national treasury charity for the table of their people. We may more soundly criticize that policy because it measurably prevents the usual price influence on substitution of other foods, and by making subsidized food the most attractive for their people, automatically increases the burden upon their national treasury and complicates the problem of securing sufficient supplies of the subsidized kind in any time of relative scarcity. Left to themselves, there may be a point at which their people would substitute, for instance, cheaper grains in place of wheat; but there is no inducement to the individual to do this when wheat is by national subsidy the cheapest food for their table. Thus it is an artificial interference with the sound attraction of price which naturally relieves the shortage of one food by the substitution of another.

Passing subsidized foods through their national treasury, the judgment of some Government Board or Official must dictate the time, manner, and price of purchase.

Again, it is very doubtful if importing merchants of these countries have the resources to carry sufficient overseas commitments on a scale which will feed their people. For importing Governments to be the ultimate purchaser, delegating their private importers as the nominal buyers, or by certain guaranties to strengthen the position of private importers, is still only an indirect way for the actual Government trading. It is still, direct or indirect, the negation of the free play of differing judgments of merchants which alone makes a free market and cushions violent price fluctuation.

Therefore, with all possibly sympathy for their difficulties,

we are obliged to conclude that under present conditions, the overseas movement, the seasons at which it moves, and the prices to be paid, are practically dictated by the officials of foreign Governments, whose interests lie not parallel to America's own.

I want to interpolate here that the Grain Corporation has bought, during the seasonal crop rush, 600,000,000 bushels equivalent of wheat in this country, at the fair price level, and I submit to your business judgment whether, if buying on a scale of that magnitude had been withdrawn, there would not have been a fall in the season of rush crop marketing which would have been difficult to overcome again. If you will keep in mind that this agency, which did protect the farmer on the crop marketed in this manner, and which protection terminates on June 1st, it will emphasize the necessity of substituting some manner of crop marketing, that this crop be not thrown on the market at the mercy of these foreign official boards.

Merchants exposed to private loss must exercise a constant vigilance in recasting the changing price-making factors of the world. But officials, with resources of Government behind them, have not such need of constant care, and may therefore temporarily do violence to the economic currents that must ultimately dictate prices. Such official opinion may stubbornly persist in policies of purchase, or abstention from purchase, and then, without advance warning, which experienced merchants may see in changing world conditions, suddenly alter their policies, with loss and disaster in their wake. Such alterations would lack the cushioning influence created by differing private opinions, and thus make price-level alterations cumulatively violent.

Governments also are under a constant temptation to a combination of interest to limit the competition among themselves, and a price-level dictated by combinations of buyers, in which the seller has no influence, is manifestly not a fair condition.

Moreover, buying of wheat by foreign Governments lacks the usual commercial protection to our manufacturing facilities. Raw grain may be insisted upon, because of a policy of employment for their home labor, and without regard to the relative attraction of finished product offered by our mills. This is not only an injustice to our mills, but directly strikes at our dairy trade, dependent on the mill-feed production of our mills operating on a larger scale than solely for domestic flour production.

For three years the Producer has had the strong protection of Government absorption at the Fair Price level of the seasonal surplus pressure of wheat. Before that time there was the pro-

tection of the trading facilities of the great Exchanges. Through the system of exchange hedging, a great army of investors absorbed the seasonal crop rush, something that direct consumers could not possibly do.

What protection will our producers have on this coming crop against undue depression during the seasonal movement, and what protection to consumers that that seasonal surplus be not absorbed by Governments, not limited by the experienced caution of merchants against overcommitments, thus later exposing our consumers to a market bare of its stabilizing accumulated surplus, and with possible violent price fluctuation?

The first suggestion of embargo against excessive export in the interest of our consumer raises untold difficulties. Crop yields and home consumption do not lend themselves to exact calculation, and in whose judgment should a decision rest as to when an export movement begins to encroach upon home necessities?

Moreover, any form of embargo is a limitation of the producers' right to a free world market. If that producer be deprived of that natural advantage, then justice dictates that he should be protected against the collapse which might follow a surplus crop confined to insufficient home consumption.

This naturally then suggests a producer protection in the way of a fair price assurance. The fair price assurance to producers, at the expense of the National Treasury, at once suggests a measure of recognition for the consumer as well, and we at once enter all the difficulties which follow the attempt of human judgment to hold level the scales between conflicting interests. Such a condition is justified only when the very life of the nation is at stake, as in war.

And when we look to the restoration of exchange open trading as the natural protection of both producer and consumer in a free market, we find unusual and special hazards which the exchanges themselves must consider before extending their facilities in the pre-war manner.

First, there is the totally inadequate inland transportation facilities of the country. Partly, this is the result of war suspension of the construction of new facilities and the replacement of old. Partly it is the result of a mistaken domestic policy that by restricted opportunity deprived the road of necessary capital replacement. Partly it is due to the present pressure of a tremendous expansion of domestic activity, aggravated by constant suspension of service and cessation of traffic by strikes and interruptions.

The results, however, are written plainly to be seen. The grain producer has lost the ready daily market which he enjoyed. The country price of grain has lost its favorable relation with the terminal market price. No longer is the seaboard price of grain reflected closely in the producer price. Inability to make actual final delivery, and difficulty in finding credits for the doubtful period thus created, both operate to have destroyed the hitherto favorable position of the producer. The consumer price of grain and grain products has risen far above its former relation with the national price level indicated by the terminal markets. On every hand is apparent the disorganization by doubts, and hazards, and inability to complete delivery.

These difficulties of ready markets on which the producer has learned to depend, and these losses and hazards which measurably reduce the producers' share of the ultimate consumer price, can be viewed with special concern at this time. The balance of labor between agricultural and industrial employment is badly disturbed. The attraction of high wage scales established in the industries, and the attractions of city life, jeopardize proper farm production. Against the price competition for labor in the industries, the producer needs every possible aid if we would see a proper production maintained. It is regrettable enough that farm prices must, under influences over which we have no control, show rapid and wide variations.

Overseas exchange will show its daily fluctuations and its occasional collapse, because of the disintegration of overseas finance. Necessarily, high ocean transportation shows, on its present level, fluctuations wider than before.

All these influences enter into the daily net price in America which will be reflected to the producer.

Moreover, there are potentialities in price-making factors which cannot be forecasted, such as the possible reopening to the world commerce of Russia, which has been closed for five years, and there is always the great factor that Nature itself may make or unmake a crop yield, in which is wrapped up the final producer earning.

Fortunately, the Fair Price basis made effective in wheat by this Government for three years seems to have been so wisely calculated as to contain within itself an element of crop stimulation. The acreage progressively sown to wheat apparently shows that influence, until last year, when we produced a surplus which has supplied our own enlarged needs, all the foreign demand, and will still leave us a large carry-over beyond that requirement.

But Nature, for this present year, has been neither kind to the sown winter wheat acreage, adequate as it might have proved to be, nor kind in the season for the spring-sown acreage. So that it is increasingly important that the difficulties of inland transportation shall be overcome, that we may obtain the full use of all our crop yields and secure for the producer as full a measure of the ultimate price as possible under these hazards.

We may perhaps expect a measure of transportation improvement if there should develop a slowing down of general business. A fair solution of labor interruptions and some measure of new construction would also help.

In its present condition, however, the partial suspension of transportation threatens the underlying security of open future trading on exchanges, by which hedging security the position of both producer and consumer might be maintained against further disadvantage.

These great control markets, with their hedging facilities for future delivery, assured to handling and manufacturing facilities a minimum of loss by changes in the general price level of the world, and indicated in their various relations a national price level. Grain flowed from producer to consumer in natural channels, not always actually through these central markets, but on the national price level indicated by these markets. It is the most shallow analysis which compares the volume of future trading on these exchanges with the volume of actual receipts at those particular markets.

But those markets were protected against abuse of their facilities by speculation and manipulation because of the ever-present potential delivery of the grain represented in its hedges. If, then, inadequate transportation prevents the diversion of grain from its normal channels to make the actual delivery of grain so hedged in those central markets, then the underlying security of exchange trading and its justification are both undermined.

It is an additional problem, that at the very time when actual delivery of the potential grain hedged in those markets is most difficult, there is concentrated in Government hands abroad the power of purchase of large quantities, for which purchases, with the least price disturbance and in the most available quantities, the exchange facilities themselves offer the most ready market.

It is not to be wondered at, then, that the exchanges themselves must view these questions with great care. They must recognize their great service to producer and consumer in the stability and security which their hedging facilities furnish, and

which are directly reflected to both farm and fireside by narrower trade tolls because of reduced and eliminated hazards.

Then, too, the grain handling and manufacturing trades of this country have found credit most easily secured because of the security afforded by these hedging markets.

This has reflected into a relatively light capital investment, which makes competition plentiful; and competition, with free and equal opportunity, is the safeguard of both the producer-seller and the consumer-buyer.

This is illustrated most directly in an analysis of the Department of Commerce 1914 Census of Manufacturers.

Flour mills produced \$2.30 value of each product for each \$1.00 of capital investment.

Bakery products, \$1.81 of product for each \$1.00 of capital investment.

Textiles, only \$1.21 for each \$1.00 of capital investment.

Iron and steel, only 75 cents for each \$1.00 of capital investment.

Probably the grain handling facilities, analyzed by themselves, would show that they handle at least \$5.00 of product for each \$1.00 capital investment.

If, then, by reducing the security to banks, it becomes more difficult to obtain on credit the large sums needed to market our grain crops and their products, the result must speedily show in enlarged trade and manufacturing tolls.

A minority of merchants may prefer to fish in troubled waters and to make larger profits amidst larger hazards, but this, I conceive, is not the preference of the great majority of sound business men, and it certainly is not in the national interest.

It is right that a conference such as this should look farther afield than indicated by a narrow trade interest and put its consideration of these matters on the plane of great national interest as well, and in that spirit I have asked you to confer together, that there may be a better understanding of the difficulties to be solved, feeling that they can be solved by the exercise of American qualities of courage, vision and resourcefulness.

DISCUSSION.

The CHAIRMAN—Now, gentlemen, it seems to me that this is a time when we should lay aside all petty trade jealousies, all distrust of other sectors in the trade, everywhere, operating between farm and home. There has been too much maligning of motives of business in America; too much impugning of

character and move, in the press and in speech, in this country. Our experience in the war showed a great well of national patriotism; of respect for the other man's view; of a desire to transact an honest business fairly, which was drawn upon and which carried us through without the disaster which attended in Europe. I am not over-emphasizing the seriousness of the problems of to-day when I state that their solution will require all of your sense of patriotism, all of your sense of justice, and all of your consideration for the men of the other trades—but they can be solved.

I conceive that the most important question of to-day is how to maintain this vast marketing machinery in such manner that it must command ready credits, because of the assurance not only thus afforded to the producer and handler, but also the assurance it furnishes the lenders of credit. That, it seems to me, is a very important phase to be considered; and because, in my mind, that takes one of the chief places for your consideration, I am going to venture now into a discussion of this phase which I hope will lead to discussion of all the general phases involved.

I am going to ask, first, if the bankers, through Mr. Reynolds, will say something about this situation as it appears to them to-day.

STATEMENT OF MR. GEORGE M. REYNOLDS, PRESIDENT, CONTINENTAL AND COMMERCIAL NATIONAL BANK OF CHICAGO.

Mr. REYNOLDS—Mr. Chairman and Gentlemen:

As you will see, I have a very bad cold and sore throat, and it is with a great deal of difficulty that I shall be able to speak to you at all, but I am so interested in this subject that I have given my consent to come over and say a few words; so that in what I do say, laboring under these difficulties, I shall have to be very brief and rather to the point.

Your honorable chairman has pointed out a good many of the problems with which we are confronted at this time. I do not think it is necessary for me, before such a body of intelligent men, to dwell upon the economic situation of this country as it relates to supply and demand of credit; but reflecting as I do upon the fact that the Government itself has furnished such a large amount of capital with which to assist the movement of grains raised in this country, particularly wheat, and recognizing that on the thirty-first day of this month that assistance and help is withdrawn, and realizing furthermore that—perhaps at the

moment more than at any time in my experience of forty years as a banker—I find the question of credit more extended than I have ever seen it before.

I am not going to say anything which will alarm you, because there is no cause for alarm, but there is cause for the careful consideration of conditions as they exist, and there is necessity for careful consideration of the plans and principles under which you propose to take up this vast important part of industry and get it back on the old-time basis where it was before the war began.

At present there is a scramble throughout the world for money and credit. The difficulty is that high prices of commodities have been pyramided so long that it takes three times as much money to do the same bulk of business as it did formerly. There has been no wild gyrating or speculative activities that have caused this, thank God! There has been no disturbance of public confidence, because people generally, actuated by a spirit of co-operation, conservatism and patriotism, which made it possible for us to do so much during the war, have carried those qualities—at least some of them—past the war and past the armistice, into the present situation of affairs. If there has been any diminution by us of those qualities, it is perhaps more in the matter of co-operation than anything else. During the activities of the war, when it was necessary and absolutely imperative that we should do certain things, we went forward as one man. Every man offered himself and all that he had, to see that the Government got the best there was in us, and with composite result. (Applause.)

We got results. The watchword in those days was Efficiency and Co-operation. I can conclude—and with other people who are in the habit of having their fit, and speaking about it—what a wonderful thing it would be if we could harvest all the benefits that would be ours as the result of application of the principle of Co-operation and Efficiency; but I regret to say that the principles of Efficiency and Co-operation have not flourished as sure and as satisfactorily since the signing of the armistice as was the case before. It therefore devolves the more necessary upon every individual to bear in mind the relationship he has to the rest of the world and to the economic situation as it exists.

We are to-day passing through a—well, I will say a crisis, because it is one; but it is a well-ordered crisis. It is a crisis where every intelligent man knows what the causes of the situation are, and it is a crisis that every intelligent man knows we

can solve without disaster and without serious hurt to anybody, if we all put our shoulder to the wheel and realize that even though the war has passed, that this condition which we are now passing is a legacy of the war and has therefore just as much right to claim your patriotic co-operation as during the war itself; and if the American business man, with his ingenuity and his wisdom, guided by his experience, will only put his effort intelligently to these problems, they can all be solved, satisfactorily, to the credit of this country, and with the continued prosperity of this country.

Now, I am not a grain producer; I am not a grain buyer, or shipper; I am not interested in any elevators, and perhaps I know as little about the technical part of the business you are here to discuss as anybody in the room, and yet in recent years I have had to do with the sinews of war, as applied to the grain trade; that is, money and credit itself, and I suppose that is the reason why I have been asked to come here and say a few words. I do not like to use the word "warning," yet I cannot help but feel that this a time for the exercise of caution, when you take into consideration that we have had a doubling of our bank deposits and a doubling of our credit in the last five years.

For the past six weeks there has been a scrambling for credit from almost every customer and almost every financial institution. I am glad, however, that we can now see many lights in many directions for a betterment of that condition. There is nothing better in this country to bring about the correction of a difficulty than to have the people understand. I think daily we can see evidences of everybody being inclined to appreciate the fact that there is just a little slowing down in business in this country, at least in the greatly extended lines which require so much credit. The man who says "Let George do it" has very little sympathy shown to him; but the man who has said "All right, we appreciate the situation; we will co-operate," has had little difficulty in having his real needs taken care of, and we are now well through, I hope, what has been regarded by many as the closest credit condition we have had in many years. We have had no lack of confidence in the situation. There is no danger of the banks' position because we have a circulation of two and one-half billion increase in circulating medium, and many of you gentlemen make a character of note which, used in the conduct of your business, can be used again in return at the Federal Reserve Bank, of which they again in return can use sixty per cent., so that there is no danger, as I

see it, in any form of money panic; and when I take into consideration this, that the Federal Reserve, with its 42.5 per cent. reserve and its so-called required reasonable reserve of 40 per cent., and reflect upon the fact that the Bank of England during the war ran down as low as 9 per cent. and is now 14 or 15 per cent., I say there is no danger in this country. Just awakened to the situation as it exists, think about it, and act along the lines of our best judgment after we do think. That is all that we need to do. It is a time for the exercise of good horse sense, and a determination that each one should bear his share of the burden. So much for that side of the situation.

At the moment, those who control credit are doing all they can to restrain any further expansion, and I should very much regret to see any action taken which would immediately plunge the people of this country who are so inclined into a speculative era; first, that it would require money; and second, that it would probably increase the price of foodstuffs, which are already higher than most people think they should be, and thereby draw down upon the exchanges the criticism of many good people, and possibly governmental action.

I think these are times, gentlemen, when men who are engaged in your line of industry—and I understand there are men gathered here from all the various ramifications of the grain trade—I think these are times when there should be no ill-tempered discussion, or a desire to get into speculative activity too quickly. I think, on the other hand, it is a time when men who do criticize should follow criticism with some constructive suggestion. It seems to me that the solving of the problem which you have to solve carries with it the necessity for co-operation between your various trades, and the railroads, and the Interstate Commerce Commission, to such extent that there can be assurance that grain will be distributed as rapidly and as efficaciously as possible, thereby reducing to the minimum the amount of capital that must be employed in doing it. I hope that, whatever your deliberations are, they will be along the line of considering safety first. It is my judgment that whatever plan is evolved as a result of this meeting, that there should be in mind the holding of the price of grain to a moderate price, on the one hand; seeing that the middleman who handles it gets a fair profit, but kept within reasonable bounds; and, at the same time, seeing that the organization provides such safety for collateral and for insurance that it would make it possible for the industry to get all the money it needs for moving grain when it is ready for movement. I am

not here to make suggestions, but if I were going to make a suggestion it would be this: That I do not think there can be evolved, from as large a meeting as this, the solution of a question that is so technical in its aspects, as well as you can by the selection of committees. One making a motion, and another seconding it, and so on, sometimes simply impedes progress, and if I were going to make a suggestion, gathered from experience in other conventions, it would be along the line that you should find some way as the result of this meeting that would select a committee of the very best men you have, who know the problems, and who will evolve plans and principles under which this grain business shall be taken back as it was before the war. I have no suggestion to make; I have no names to recommend; but I do know when the time comes that wheat will be handled under the old order of things that we will have demands for money, and I hope that whatever comes as a result of this meeting will be something which will make me feel, and all others like me handling money, that we can loan money safely. I recognize that you must find ways for hedging, otherwise loans cannot be carried; but as I say, these are technical questions. I hope that, while you may all express yourselves, that in the last analysis this meeting will result in the appointment of a committee of men you know, men that are qualified and who know the business, who can work out plans that will be safe, sane, and conservative. A grain market is nothing more or less than a place where people assemble, the quotations representing the consensus of the opinion of those who trade, and after getting the consensus of opinion of a body of men like this, as I view it, I am sure you will reach a result which will be highly satisfactory, and which will enable you to make this change from governmental control and supervision back to private control and supervision, without a hitch, and without trouble to anybody. I thank you. (Applause.)

STATEMENT OF MR. F. B. WELLS, OF MINNEAPOLIS.

Mr. WELLS—Mr. Chairman—

The CHAIRMAN—Mr. Wells.

Mr. WELLS—It seems to me to be opportune, if we are to cope with the problem which presents itself to us, that we must have some sort of skeleton form of organization about which to center out deliberations, and I would like to offer a resolution. Would that be in order at this time, Mr. Chairman?

The CHAIRMAN—Certainly.

Mr. WELLS—Before offering the resolution, I am going to state that it must be assumed that each and all of us here must realize that we are not here looking for our individual interests; that we are here for the realization that we are merely a cog in a great economic structure, and our function is to make possible the distribution and liquidation of the crop, in order that it may furnish food, money and credits for liquidation of a debt. I believe that no plan can be successful which does not result in the narrowest possible margin between the price paid the producer and the price paid by the ultimate buyer, in the form of grain and in the form of grain products.

The resolution which I will offer was drawn with the idea that it might give us a basic point for our deliberations to-day.

I assume it will be granted that the responsibility for the opening of the Grain Exchanges primarily devolves upon the Grain Exchanges themselves; that those grain exchanges have nothing to do with the making of prices, but afford the facilities; whereas, the consensus of composite opinion of the buyers and sellers does reflect in a price, and that composite price is not only influenced by local conditions, but by world conditions. Assuming that the Grain Exchanges must take steps themselves, with the co-operation of all trades and allied interests, I offer the following resolution:

RESOLUTION OFFERED BY MR. F. B. WELLS.

“Resolved, That the following Grain Exchanges, Chicago, Milwaukee, Duluth, Minneapolis, Omaha, Kansas City, St. Louis and Toledo, be requested to select two representatives each, which shall constitute a Committee of Sixteen, to formulate a plan looking to the reopening of the Exchanges to future trading in wheat and that the plan formulated by the Committee of Sixteen be submitted for comment and suggestion to a General Committee composed of representatives of all elements producing, manufacturing and handling grain and grain products.

“That the Chair appoint a Committee of Five, who shall determine the number of the General Committee, the interests which shall be represented thereon and who shall receive all requests for representation and suggestions as to the selection or appointment of the personnel of the General Committee. The duties of the General Com-

mittee shall be to consider all phases and the problems of each section of the trade, and to make recommendations to each section for the conduct of their particular activity in harmony with the general plan.

“Resolved Further, That suggestions and recommendations relative to future trading in wheat be submitted in writing to the Committee of Sixteen, and that suggestions and recommendations on other different phases shall be submitted in writing to the General Committee.”

The CHAIRMAN—Do you offer the resolution?

Mr. WELLS—I offer the resolution.

The CHAIRMAN—Is it seconded?

Mr. O. M. MITCHELL—I second the motion.

The CHAIRMAN—Gentlemen, you have heard the motion duly seconded. It is now open for discussion.

Mr. W. M. RICHARDSON—Mr. Chairman, if I remember the wording of the resolution offered, and the statement of the previous speaker, I should think perhaps it is a wise plan to start thinking of, but I think the Eastern Exchanges—Philadelphia, Boston, Baltimore, New York, and perhaps New Orleans, should at least have a voice. I don't claim to state that we know anything about it, but yet we might help. (Laughter.) I don't know that we could help to solve the problem, but we would like to be there to listen in.

You gentlemen know that as far as the export trade is concerned, they are all members of those Eastern Exchanges. They have sent us here, and I would like to ask that they take us into consideration and see if we would not be permitted to join with those other representatives. As I am an eastern man, I do not want to ask leave to amend the motion, but I would like for him to take some of us young men into school.

The CHAIRMAN—Do you have future trading in wheat at Philadelphia?

Mr. RICHARDSON—Sir?

The CHAIRMAN—Do you have future trading in wheat at Philadelphia?

Mr. RICHARDSON—Oh, no. We do all our hedging in these western markets.

The CHAIRMAN—Let me see if I get the idea? These exchanges named are those in which trading in wheat is general, and this resolution provides for a Committee of Sixteen, two from each of the exchanges named, to consider the general question of the restoration of future trading in wheat. They are to report their finding to this General Committee, and they are to receive suggestions from anyone interested in future trading. Your point is, you would like that Committee of Sixteen to include other exchanges, although they do not have future trading?

Mr. RICHARDSON—Yes, but they are directly interested in future trading, just as much as are these exchanges in the west.

Mr. WELLS—It was desired to keep the committee as small as possible. For that reason membership was restricted to those exchanges who have general future trading.

The other Committee, on the other hand, should represent the other and allied interests, and other markets—those that simply do future business in other markets, but we thought it wise to start with a small committee. If you made an exception in the case of one exchange, you would have to extend it to every exchange, and through the General Committee there is ample opportunity for criticism and representation on the Committee.

The CHAIRMAN—Is there further discussion?

Mr. W. H. HAYWARD—I am very much in sympathy with Mr. Richardson's statement. I think, although the eastern markets as a rule do not have future trading, yet they are vitally interested in it. That was the thought of our committee, and I do think they are entitled to a fair representation on that committee, in order that they may be fully informed as to what is proposed. I have no desire to have the Baltimore Chamber of Commerce be in it at all, but I do think they should be represented.

The CHAIRMAN—There has been no amendment suggested, gentlemen; the discussion so far is purely speaking in comment on the resolution.

A VOICE—Question.

The CHAIRMAN—Gentlemen, are you ready for the question?

Mr. CROWELL—Mr. Chairman—

The CHAIRMAN—Mr. Crowell.

Mr. CROWELL—I did not quite get the full intent of that motion. I may be a little bit obtuse, but——

The CHAIRMAN—I can certify to the contrary on that.

Mr. CROWELL—I am not so sure about that. But do I understand that the Committee of Sixteen will confer with the officials of the various exchanges indulging in future trading, and that they simply report to the Committee of Five to be appointed by the Chairman——

Mr. WELLS—No, no.

Mr. CROWELL—Just what is your Committee of Five, Mr. Wells?

Mr. WELLS—The Committee of Five is to be appointed by the Chair.

Mr. CROWELL—And are those five to be a part of this Committee of Sixteen?

Mr. WELLS—No; but to the General Committee is recommended any plan or comment that they have for reopening of future trading.

Mr. CROWELL—Then, on final analysis, the Committee of Five would make recommendations to whom?

Mr. WELLS—The Committee of Five is a nominating committee.

Mr. HORAN—A good many people here do not quite understand just what it is.

The CHAIRMAN—As I read the resolution, it means this: And if I do not state it correctly, Mr. Wells will please correct me. First, that the eight exchanges mentioned appoint two representatives from each exchange, forming the Committee of Sixteen. This Committee of Sixteen is to make recommendations or suggestions to a General Committee. This General Committee is to be set up by selection by the Committee of Five, which Committee of Five is now to be selected by the Chair, and that General Committee will receive recommendations of the Committee of Sixteen, and that General Committee will also make recommendations to each section of the trade as to the way in which they should handle particular phases, in the interest of the whole trade.

Mr. HORAN—As I understand it, a committee is to be appointed to make rules and regulations for the succeeding year?

The CHAIRMAN—No, no; these are all merely advisory. They are not binding in any way.

Mr. HORAN—An advisory committee to make suggestions?

The CHAIRMAN—Yes; that is the idea.

Mr. HORAN—And submit that to the different exchanges for approval?

The CHAIRMAN—To the different sections of the trade. To the country operator, terminal operator, and the exporter——

Mr. HORAN—To the general trade?

The CHAIRMAN—Yes. As I conceive it, this Committee of Sixteen has a special duty of examining into the possibility of restoring future trading, and formulating a plan. When they formulate that plan, they may submit it to the General Committee, but it is only in an advisory capacity in which they act. The exchanges themselves, or any one of them, may break away and start future trading if they choose so to do, is that right, Mr. Wells?

Mr. WELLS—The exchanges are not bound, but they should have the advice of all the allied trades, and it was for that reason, and for the handling of other problems that the General Committee was to be formed.

The CHAIRMAN—It takes shape in my mind that one important activity of that General Committee would be to find some way to improve transportation in this country; isn't that right, Mr. Wells?

Mr. WELLS—Absolutely.

The CHAIRMAN—Is the resolution clear? Is there further discussion on it?

(No response.)

The CHAIRMAN—Those in favor of the resolution will signify by saying "Aye."

VOICES—Aye, aye, aye.

The CHAIRMAN—Those opposed, "No."

(No response.)

The CHAIRMAN—The resolution is so carried.

Gentlemen, it seems to me desirable now, having set up a way in which you can operate afterwards, can get advice, can get suggestions analyzed and dissected, that it would be a good thing that we should exchange views of different sections, different elements in the trade, and let us understand each other's problems. For instance, we have heard the bankers' position struck by a banker whose reputation for courage and vision is beyond that of many in the banking profession, and I am glad he spoke with the confidence he did. But there are other problems; the terminal elevator operator has his peculiar problem; the same is true of the seaboard exporters, the country buyer, the miller, and my suggestion is that, unless there is something to come before, that after lunch we gather here, and you use the noon intermission to get together, gather in groups during the noon intermission and each section of the trade having its peculiar problems and difficulties, select somebody to speak of the different elements and present the peculiar problems that will develop, so that there may be a general understanding for your guidance and the guidance of this committee trying to build up a plan that will harmonize the different sections of the trade. If this meets your approval, I would suggest, for instance, that the seaboard exporters should have somebody present their peculiar problems. They have some to-day that I doubt if the men in the west realize. That the country buyers, men who operate country facilities that reach the producers, they should have someone present the phases that perplex them to-day, or will. Then the terminal men, the wheat forwarders, millers, flour jobbers, bakers, producers, the grain exchanges; then we should have someone to present the transportation situation, its discouragements, and its hopes, if any. (Laughter.) And I should like it very much if we had someone to present the producers' view on the whole question. I think the producers could well understand better the marketing system which takes his grain and delivers it at the final market. I would like to see what the producers' reaction is towards the restoration of future trading.

Does that seem a practical suggestion, gentlemen, to narrow down the discussion so that we may get a better comprehension of all the various problems involved?

VOICES—Yes, yes.

The CHAIRMAN—If so, will you, in your various activities, be prepared as I call on these various trades to have someone survey the difficulties under which they operate.

Mr. McCABE—Wouldn't it be a good suggestion to confine to certain sections of the trade a time limit? Otherwise we might get into a discussion and take the whole afternoon on one or two phases of it.

The CHAIRMAN—Can't we properly govern ourselves on that? Some may take more time than others; a rigid time limit may be too little for one, and superfluous for another. Let us gather with the idea this afternoon of getting the whole thing laid out before this gathering in all of its complexities. The intention is to narrow, if possible, the problems of any one section to a few representatives, but not to close the general discussion on those phases. Has anyone any other suggestion?

(No response.)

The CHAIRMAN—It is now twenty after twelve. I think if we meet here again at half-past one, or a quarter of two, we can get through this afternoon, probably.

A VOICE—I am a country grain dealer. I would like to know if there are any others in the audience interested in that line? How can we get together?

The CHAIRMAN—Anyone in the audience interested in country buying, please raise your hand? There are several.

Suppose those interested in country buying meet with this gentleman at the left.

A VOICE—I am a flour miller. I would be very glad to meet with other flour millers.

The CHAIRMAN—Let the flour millers meet in the right-hand corner of the room.

A VOICE—I am a producer.

The CHAIRMAN—How many here represent producers?

VOICES—I; I; I.

The CHAIRMAN—Well, the producers seem to be well represented. Has anybody else the same difficulty?

The CHAIRMAN—If not, we will adjourn.

(Whereupon, at 12.25 P. M. a recess was taken until 1.45 P. M. of the same day.)

AFTER RECESS.

The CHAIRMAN—Gentlemen, under the Resolution which you adopted just before our adjournment, I shall suggest as the Committee of Five, who are entrusted with the duty of then forming a General Committee, these five:

Mr. F. B. Wells, of Minneapolis.

Mr. F. J. Lingham, of Lockport, New York.

Mr. O. M. Mitchell, of New York.

Mr. H. N. Sager, of Chicago.

Mr. P. E. Goodrich, of Winchester, Indiana.

Mr. CROWELL—Mr. Chairman.

The CHAIRMAN—Mr. Crowell.

Mr. CROWELL—Mr. Chairman, I understand this Committee is to determine the number of the General Committee that is to be selected from the various lines of trade, and form a General Committee?

The CHAIRMAN—That is right.

Mr. CROWELL—I happen to know the peculiar modesty of the men upon the Committee you have named, especially Mr. Wells, and I would suggest that a motion be made to this effect: that these five men, while acting as a Nominating Committee, be considered as a part of the Committee to be selected; in other words, to be part of the General Committee. I realize that under parliamentary usage these gentlemen could not select themselves, but I think you have got some of our very wisest men on this committee, and in selecting the larger committee, I move that these men form a part of that General Committee.

A VOICE—I second that motion.

The CHAIRMAN—Gentlemen, you have heard the motion, duly seconded. Any objections?

(No response.)

The CHAIRMAN—Are you ready for the question? Those in favor of this motion will signify by "Aye."

VOICES—"Aye," "Aye," "Aye."

The CHAIRMAN—Those opposed, "No."

(No response.)

The CHAIRMAN—So carried.

Gentlemen, the way we left it when we adjourned this morning was, that this afternoon's meeting would be a conference largely for the presentation of views of the different sections, a presentation of the problems that each section has to face, and thereby lead to a better understanding generally. Before we go to that, I assume this Committee of Five will work out its own procedure, and its method of communication with these different sections of the trade, but as that General Committee will be largely selected, probably, from men who are here to-day, it is of added value that we should have this exchange of views, and on the plan we discussed this morning I am going to call for the various sections, asking someone to present their particular phases, and then lead to a general discussion of each of these phases as you may feel inclined.

I will ask, first, that the Seaboard Exporters tell us some of their difficulties.

Mr. MITCHELL—Mr. Richardson is to speak for the seaboard exporters, Mr. Chairman.

The CHAIRMAN—Mr. Richardson.

STATEMENT OF MR. W. M. RICHARDSON, OF PHILADELPHIA.

Mr. RICHARDSON—Mr. Chairman and Gentlemen. They told me they couldn't hear me this morning so I will try and make myself heard this time.

I would like to point out to you gentlemen some of the risks which the seaboard exporter has to assume. The first thing, he has got to have his money to do this business with. He has got to go to men in the frame of mind that Mr. Reynolds is in. He cannot buy wheat from you men in the West unless you are reasonably sure he can pay his draft when they are presented. The problem that first enters his mind is this—if he is not speculating: Where can he sell his wheat, at a reasonable margin of profit? Of course, you know the outlet is in Europe. You know that buying has been more or less centered, as the Chairman said. Ordinarily, it is very competitive. Under ordinary conditions there are two or three sellers for every buyer, and every fellow is working every possible corner to secure business, just as he should do. The first thing that enters his mind is: Can I make this delivery at the seaboard? You know what the car situation is. The uncertainties of delivery at the seaboard are very grave, under these conditions of car shortage, bad motor

power, particularly insufficiency, and disorganized service on the railroads. We look for improvement in that service, especially if they get money to buy motor power and to buy cars. The first thing we are confronted with in making a sale is: What are the penalties involved in case we do not make delivery in time? You gentlemen in the West know what it is to pay two dollars a day demurrage on a car, but you don't know what it is to pay five or six thousand dollars a day on a detained steamer; and, Gentlemen, the steamer's agents, or owner, is a czar. He can put your boat to load on 24-hours' notice; you take all the risk of securing a berth. You gentlemen know nothing about the penalties in case you do not make your grades, or in case you don't get there on time. Perhaps some of you millers know what your penalties are for failure to fulfill foreign contracts. Those are some of the risks that the exporter assumes.

Another problem which you know nothing about is that we must make firm offers. We cannot solicit bids like you gentlemen do, with your numerous opportunities to sell in all directions. We have to make firm offers over night, stating the quantities we want to offer.

You gentlemen perhaps know nothing about fluctuations in foreign exchange. We know something about it. It has cost us a great many thousand dollars to find out that sometimes exchanges can drop ten points over night. Another problem we are confronted with is the ocean freight situation. It is almost impossible to get. They will give you five minutes, perhaps, to make up your mind whether you will take a steamer to be fixed or declared to you two weeks later, but if you fail to fill your space, see how quickly they will tell you that you have to pay dead freight. The exporter is just as anxious to trade as any of you. You have learned that he makes three or four or five cents a bushel. You think he is making a big profit. Don't forget that some of that goes back on penalties. We have to anticipate the crop, and the price, but we would like to have some place where we could hedge this grain, safely. We might want to start some grain to the seaboard, and we would want a place where we could hedge that grain quickly. We feel that an open market is the best solution. Europe at present probably needs wheat. With wheat here in Chicago—and they are breaking their necks to buy it, yet we don't find it so easy to sell grain at a profit. It is not always our experience that the market goes up when we buy grain. It goes down sometimes.

I don't know whether I have covered clearly the dangers we

are confronted with, but keep in mind that the seaboard exporter faces tremendous penalties. You know, Mr. Chairman, what it means to have missed connections with the steamer, and have to pay twenty-five or thirty thousand dollars demurrage on a steamer. You would not know perhaps in the last three years, but those are some of the problems we have to face.

The CHAIRMAN—Mr. Richardson, suppose you tell these gentlemen how much the variation in foreign exchange does amount to in the price of wheat under some of these conditions?

Mr. RICHARDSON—As much as six cents a bushel, at times. There has been times we could not sell it.

The CHAIRMAN—Now, gentlemen, would you like to ask Mr. Richardson anything about any phase of seaboard exporting?

(No response.)

The CHAIRMAN—Or any questions on this subject?

Mr. Richardson, can you say whether there are steamers to-day in Atlantic seaports—there under demurrage, which cannot get grain?

Mr. RICHARDSON—I know that is true. You cannot move stuff out of Buffalo, for instance, on account of the switchmen's strike. We are one of the victims, but we are not going to get skinny about it. We are going to try to find some way to get it back.

The CHAIRMAN—You hope to?

Mr. RICHARDSON—We are going to find a way, somehow. We always did, heretofore.

Mr. OWEN—I would like to ask Mr. Richardson if increased warehouse facilities on the seaboard would help the situation any?

Mr. RICHARDSON—Yes, but that is two years off.

The CHAIRMAN—That would not help now?

Mr. RICHARDSON—That would not help now.

The CHAIRMAN—Let me follow your idea, Mr. Owen, a little further—

Mr. OWEN—I just wanted to know if the grain men generally were going to get behind the bill that is now pending in Congress.

Mr. RICHARDSON—That might help next year, but not this year.

The CHAIRMAN—You understand the situation—at Buffalo, for instance, there are millions of bushels of wheat and rye. We have, ourselves, three million bushels of wheat there which has been there since last December, which we have been willing to ship, but we have been unable to get cars. It is not a question of seaboard facilities in this case, at all. They just cannot get it to the seaboard.

Mr. OWEN—What is the situation at the seaboard?

The CHAIRMAN—There is a strike, at present, at New York.

Mr. OWEN—We would still be up against the car situation.

The CHAIRMAN—There is no question but that the cars are inadequate.

Mr. RICHARDSON—Motor power is bad, too. The exporter wants to keep up his connection, and wants to trade. We want to trade, but under these conditions I do not see how you are going to handle this new crop unless you arrange for some method of handling in futures.

The CHAIRMAN—What takes shape in your mind, Mr. Richardson, as the one feature you are suffering most from in your regular conduct of your business?

Mr. RICHARDSON—Well, we would like you out of the way, first. (Laughter.)

The CHAIRMAN—That will be soon.

Mr. RICHARDSON—I don't mean that personally; but I mean the system.

The CHAIRMAN—Well, you spoil a good story for personalities.

Mr. RICHARDSON—And after that, the risks involved. We can not go "long" wheat. I was raised near a good old Quaker, who once said: "Be careful, William, now; whenever it gets so high that there don't seem to be enough to go around, be careful, don't buy too much; this is a big country."

Then the transportation problem, and this situation abroad. It is a complication of diseases.

The CHAIRMAN—Would you place more weight on transportation efficiency than any other one factor right now?

Mr. RICHARDS—I think so; I think that is the foremost problem, that of transportation.

The CHAIRMAN—Does anyone else want to ask Mr. Richardson any question?

Mr. WELLS—I would like to ask Mr. Richardson about the deliveries you make under sales contracts, whether there is a fixed discount?

Mr. RICHARDSON—At present we arrange that with the buyer. We trade at present, "Number 2, with penalty for delivering three." With all due regard to Uncle Sam and his wonderful system of inspection, we find when we buy Number 2, the fellows down at the seaboard make it Number 3, or some other grade. We don't want to lose more than three or four grades if we can help it.

Mr. WELLS—I presume you are able to raise your wheat at least a grade or two, aren't you?

Mr. RICHARDS—I haven't learned how to do that yet, gentlemen. (Laughter.)

The CHAIRMAN—I think in all justice to the Grain Corporation, Mr. Richardson will admit that the system of the Grain Corporation in its foreign sales, in which it reserves full option as to grade and qualities, has helped the exporters?

Mr. RICHARDSON—Yes. I want to say this, with all due respect to what I said, I want to say that the man who presides here is the most wonderful man the grain trade has produced. He played the game with these foreign exporters, and it didn't cost Uncle Sam a penny to sell his grain. (Laughter.)

The CHAIRMAN—I wonder if we should take next the difficulties of the man who sells to the seaboard exporter—the shipper from the interior market, either by water or rail.

Is there someone prepared to speak on that phase? Surely there is somebody here who ships grain from the Western primary markets to the seaboard, and who has run across particular phases that present problems to them.

(No response.)

The CHAIRMAN—I am glad that particular angle of the business has no troubles at all. (Laughter.)

Mr. CONVERSE—What is your question, Mr. Chairman?

The CHAIRMAN—I want somebody who has had experience in trying to ship by rail or water from the western primary markets to the seaboard to explain some of their difficulties.

Mr. CONVERSE—I will say a few words on that.

The CHAIRMAN—Mr. Converse, of Minneapolis.

STATEMENT BY MR. CONVERSE, OF MINNEAPOLIS.

Mr. CONVERSE—As pretty nearly every man knows who has tried to do any business with the seaboard on the exporting line, we try to figure out a fair margin of profit in quoting the exporter. Now, I know that the firm with which I am connected, and which I represent, Hallet & Carey, has grain going which was sold last November. When you stop to figure your elevator charges and all, there is now about three and one-half cents a month for holding that grain, and from the time beginning April 1st I shipped twenty-two cars, and have something like 300,000 bushels of grain yet due the seaboard exporters, and every other firm that is doing business on a shipping basis is in that same position. There has been absolutely no relief, and instead of getting relief, we are worse off now than before the railroads were turned back to private ownership. There is one thing I am going to say—I know it wouldn't be welcome, perhaps, in a body of men like this—but we may get ourselves in the same sort of a sling if we let go of this Government Wheat Corporation too quick.

The CHAIRMAN—Mr. Converse, most of your problems are in the matter of ready transportation?

Mr. CONVERSE—Absolutely.

The CHAIRMAN—That would solve all the difficulties you have experienced?

Mr. CONVERSE—Absolutely. You can put an order in for a car, but they won't promise it. The only way to get the grain out that you have got sold is to keep on buying cars. About seven out of ten cars will do to ship in, and three of them are "bad order."

The CHAIRMAN—Any questions anybody wants to ask Mr. Converse?

(No response.)

The CHAIRMAN—Have we anyone here from the Lake ports who normally ship by the Lakes? Is that going very smoothly, and without trouble? Mr. Sager, do you do any shipping by Lake?

Mr. SAGER—I beg pardon?

The CHAIRMAN—Are you doing any shipping by Lake?

Mr. SAGER—No.

Mr. FERGUSON—We tried to get somebody interested in that department down here from Duluth, but they are all so busy just at this time that they could not possibly get away.

The CHAIRMAN—They are just making their spring shipments now?

Mr. FERGUSON—Yes, sir.

The CHAIRMAN—Perhaps you can tell me—I notice in the press dispatches that cargoes of grain have been held up in Buffalo, been delayed there by a scoopers' strike?

Mr. FERGUSON—Yes, sir.

The CHAIRMAN—Who stands that expense, do you know?

Mr. FERGUSON—I assume that the shipper stands it.

Mr. MITCHELL—I do not think, Mr. Chairman, that the car situation is anywhere more acute than it is at Buffalo. We have had grain there awaiting shipment four months. The thing you run up against is that you are allotted some cars, and then you cannot use them. We quite realize that the carriers are up against the shop strike, and so forth, but what immediately happens is, in case a man rejects cars, they don't go to the shop at all, but they go to somebody else who can use them. It is not only a question of lack of equipment, but volume of bad equipment.

The CHAIRMAN—Condition of the equipment?

Mr. MITCHELL—Condition of equipment. A friend told me the other day that he was allotted so many cars, and out of a train load he got only four cars that he could use, and the rest did not get half a mile away from his elevator until somebody used them.

The CHAIRMAN—That is, they would not hold grain.

Mr. MITCHELL—They would not hold grain. Other lines could use them; so that the carrier, who has great difficulty in shipping cars anyway, has no particular interest.

You spoke, Mr. Chairman, about the risks of getting grain down to the seaboard. Buffalo is bad, for example. There is grain waiting in some little houses. I was offered, yesterday, a margin of six or eight cents.

The CHAIRMAN—That is, six or eight cents above transportation costs?

Mr. MITCHELL—Six or eight cents above transportation cost, and I did not dare take the risk.

The CHAIRMAN—You didn't dare take the risk.

Mr. MITCHELL—Couldn't risk getting it down there in two or three weeks.

The CHAIRMAN—That only means that the seaboard price has not only the freight reduction to figure, but also these margins which represent extraordinary hazards?

Mr. MITCHELL—That is it. There are hazards which people cannot take.

The CHAIRMAN—That all goes back to transportation?

Mr. MITCHELL—Yes. These prices you see quoted are little lots that somebody wants to sell.

Mr. CONVERSE—Mr. Barnes, there is one thing I would like to call to the attention of the grain trade, particularly. I believe if the railroads were as particular in setting out cars that were fit to haul out grain as they are in condemning cars not fit to haul grain, it seems to be the transportation situation would be greatly relieved. It seems to be a mania with them to mark cars in bad order, in order that they may carry package freight.

The CHAIRMAN—You think the railroads deliberately mark cars "bad order" in order to carry package freight, do you?

Mr. CONVERSE—Well, I would not want to make that statement, positively, but I think so. (Laughter.)

The CHAIRMAN—Well, that is really a point where a single shipper cannot say that to a railroad, and yet a committee might make some representation, and get some relief, if there is abuse.

Are there any other questions on the matter of interior forwarding from primary markets to seaboard?

Mr. MITCHELL—Isn't that so general that—it seems to me that everything that stands in the way really rounds up and comes back to this question of transportation. The whole marketing of grain, and the futures markets, themselves, are all predicated upon the question of inadequate transportation systems in the world. There was never anything like it. Under the old conditions, the future markets represented every bit of sound grain that was tributary to those markets. It comes right back to the question of transportation all the time. What we want is a report of this committee who have been working to get this transportation improved.

The CHAIRMAN—I think you are probably right, Mr. Mitchell. Let us draw these trades out and see if that proves true.

Mr. PECK—Mr. Chairman, the activities of the Terminal Elevator Grain Merchants' Association have been confined for some time to relieving of transportation facilities. I would like to ask Mr. Ewe, who is Chairman of that Committee of the Terminal Elevator Association, to give this body of gentlemen his experience, and what we have been able to ascertain in our different trips to Washington before the Interstate Commerce Commission. I want him to give that to this body of men here to-day for their consideration. I think you will get a very clear picture in what Mr. Ewe has to say, with your permission.

The CHAIRMAN—I would be glad if Mr. Ewe would give us his experience on these transportation problems.

STATEMENT OF MR. G. F. EWE, OF MINNEAPOLIS.

Mr. EWE—Mr. Chairman, I think Mr. Peck has exaggerated my ability to present this problem for your consideration. I want to say that this is a matter that has been taken up by the Terminal Elevator interests not only of Chicago, Minneapolis, and all over the United States, but also the different committees from the northwest, in which I happen to be a member, and the matter has been presented to the Interstate Commerce Commission, through the Federal Reserve heads, and various overtures have been made, all of which, up to the present time, have apparently proved fruitless. On the 15th day of March, we succeeded in getting Mr. Kendall to issue certain orders, which he was authorized to do under the Esch-Cummins Bill, but these orders proved to be of no effect.

Again, the matter was taken up on the second day of April with Mr. Kendall, and with the same results. Then we took the matter up with the Interstate Commerce Commission, who assured us a hearing on the troubles we were up against, and that they would look into the matter and would see what they could do.

The matter was again taken up in Washington at a conference, on May third, fourth, and fifth. At this conference there were present, terminal elevator operators, millers, country grain dealers, producers, bankers, Millers' National Federation, Railroad Commissions, reporters of trade papers, and others.

This conference, after due deliberation for three days, appointed a committee. This committee was delegated to draw up resolutions, which were submitted to the conference for adoption.

With the Chairman's permission, I would like to read this resolution, which was concurred in. It is very brief.

RESOLUTION ADOPTED BY CAR SHORTAGE
CONFERENCE HELD IN WASHINGTON,
D. C., MAY 5, 1920.

(Reading) "In a conference assembled at Washington, D. C., to consider the present car shortage and attended by the parties named in the list attached, it was, after due deliberation, unanimously agreed that the Interstate Commerce Commission be respectfully requested and earnestly urged to take the following action:

"(1) That an adequate movement of empty cars, suitable for transporting grain, grain products and live stock be made immediately effective from all lines holding in excess of their ownership to the territory producing said commodities for the purpose of immediately moving the present and impending accumulation of said commodities.

"(2) That an order be entered requiring a systematic return to the carriers serving said territory of the classes of cars required for the transportation of said commodities until said carriers shall have received and shall retain one hundred per cent. of said classes of cars owned by them; and that the Commission make said order to cover such other classes of cars as may in its judgment be necessary to meet any present emergency and future requirement with respect to other kinds of traffic.

"Government Loan to Carriers.

"We also believe that the carriers should be furnished with funds to supply themselves with sufficient cars and motive power to meet immediate and future needs. The portion of the Three Hundred Million Dollar Loan to the carriers by Congress to be used for equipment purposes is wholly inadequate. Congress should be encouraged to make an adequate additional loan to the carriers restricted to the improvement and increase of said equipment.

"Respectfully submitted,

"H. N. OWEN,

"Publisher Farm, Stock and Home, Minneapolis, Minn.

"A. L. FLINN,

"Rate Expert, Railroad and Warehouse Commission, St. Paul, Minn.

"O. P. B. JACOBSON,

"Railroad and Warehouse Commissioner, Minnesota.

"LAWRENCE FARLOW,

"Secretary, Farmers' Grain Dealers' Association of Illinois, Bloomington, Ill.

"H. DITTMER,

"Oklahoma Millers' Association, El Reno, Okla.

"W. A. HUNT,

"Citizens' Bank and Trust Co., Henderson, N. C.

"JOSEPH B. RAMSEY,

"President, North Carolina Bankers' Association, Rocky Mount, N. C.

"JAS. J. EARLEY,

"President, North Dakota Bankers' Association, Valley City, N. D.

"W. C. MACFADDEN,

"Secretary, North Dakota Bankers' Association, Fargo, N. D.

"FRANCIS A. BROGAN,

"President, Omaha Chamber of Commerce, representing also Omaha Grain Exchange, Omaha Live Stock Exchange, Omaha, Neb.

- " R. A. ZWEMER,
" Traffic Manager, Sioux City Live Stock Exchange, Sioux City, Iowa.
- " J. P. HAYNES,
" Sioux City Board of Trade, Sioux City Traffic Bureau of Chamber of Commerce, Sioux City, Iowa.
- " C. B. MOORE,
" Kansas City Board of Trade, Kansas City, Mo.
- " W. R. SCOTT,
" Board of Trade, representing Board of Trade of Kansas City, Kansas City, Mo.
- " E. P. PECK,
" President Terminal Elevator Grain Men's Association, 416 Grain Exchange, Omaha, Neb.
- " FRANK KELL,
" Wichita Falls, Texas.
- " G. F. EWE,
" Representing Minneapolis Chamber of Commerce, 713 Chamber of Commerce, Minneapolis, Minn.
- " A. R. TEMPLETON,
" Representing Chamber of Commerce, 300 Chamber of Commerce, Milwaukee, Wis.
- " E. D. McDUGAL,
" Representing the Chicago Board of Trade, Chicago, Ill.
- " P. P. DONAHUE,
" Representing Milwaukee Chamber of Commerce, Milwaukee, Wis.
- " E. M. WAYNE,
" Illinois Grain Dealers' Association, Delavan, Ill.
- " CHAS. RIPPIN,
" Merchants' Exchange, National Industrial Traffic League, St. Louis, Mo.

- “ G. STEWART HENDERSON,
 “ Baltimore Chamber of Commerce, representing Transportation Committee, Grain Dealers’ National Association, Baltimore, Md.
- “ JOHN G. MCHUGH,
 “ Secretary, Chamber of Commerce, Minneapolis, Minn.
- “ A. F. STRYKER,
 “ Omaha Live Stock Exchange, Omaha Chamber of Commerce, South St. Joseph Live Stock Association, Omaha, Neb.
- “ Mr. JAMES G. CROSS,
 “ Transportation Division, Bureau of Markets, United States Department of Agriculture, Washington, D. C.
- “ G. C. WHITE,
 “ Transportation Specialist, Bureau of Markets United States Department of Agriculture, Washington, D. C.
- “ J. J. MURPHY,
 “ Chairman, Board of Railroad Commission, representing Shippers of Grain and Live Stock, Pierre, S. D.
- “ Commander R. A. BRAKER,
 “ Representing F. H. Price & Co., Great Britain.
- “ F. H. PRICE,
 “ Representing F. H. Price & Co. and Millers’ National Federation, 82 Beaver Street, New York.
- “ L. E. MOSES,
 “ President, Southwestern Millers’ League, 607 Postal Building, Kansas City, Mo.
- “ CR. TOPPING,
 “ Secretary, Southwestern Millers’ League, Kansas City, Mo.
- “ C. HERBERT BELL,
 “ Representing Millers’ National Federation, Commercial Exchange of Philadelphia, 4th and Market Streets, Philadelphia, Pa.

- " A. P. HUSBAND,
" Representing Millers' National Federation,
309-108 S. La Salle Street, Chicago, Ill.
- " C. H. GUSTAFSON,
" National Coop. Company, Lincoln, Neb.
- " BENJAMIN C. MARSH,
" Secretary and Director of Legislation, The
Farmers' National Council, Bliss Build-
ing, Washington, D. C.
- " LEE DAVIS,
" President, Western Grain Dealers' Associa-
tion, Scranton, Iowa.
- " RALPH MERRIAM,
" Associated with Clifford Thorne, General
Counsel, American Farmers' Grain Deal-
ers' Association (formerly National
Counsel Farmers' Co-operative Associa-
tion).
- " R. E. LAWRENCE,
" Secretary, The Farmers' Co-operative Grain
Dealers' Association of Kansas, Hutch-
inson, Kans.
- " FRANK M. MYERS,
" Secretary, Farmers' Grain Dealers' Associa-
tion of Iowa; Secretary, Farmers' Na-
tional Grain Dealers' Association, Fort
Dodge, Iowa.
- " A. S. JES,
" President, Corn Belt Meat Producers' Asso-
ciation, Idagrove, Iowa.
- " CHAS. W. HOLMAN,
" Member National Board of Farm Organiza-
tions, representing "The Farmer" of
St. Paul, Minn. 1731 Eye Street.
- " E. P. HUBBARD,
" Secretary, Nebraska Co-operative Grain Live
Stock State Association, 1219 City Na-
tional, Omaha, Neb.
- " J. H. HUNDERSON,
" Commercial Counsel of Iowa.

“ CHAS. WEBSTER,

“ Railroad Commissioner, Des Moines, Iowa.

“ THORNE A. BROWNE,

“ State Railway Commission, Lincoln, Neb.

“ Washington, D. C., May 5, 1920.”

Mr. EWE—Then this matter was submitted, Mr. Chairman, to the Senate Interstate Commerce Committee, of which Mr. Cummins is Chairman. He welcomed the information very much indeed, and stated he would call the attention of the Executives of the Railroads to ascertain what efforts they had put forth in the way of exhausting their credits for the purpose of acquisition of new equipment, and if in the judgment of their conference it was necessary to extend further increase of the revolving fund, that they would be very glad to give it consideration. We met the same welcome results with the Esch Committee of Interstate Commerce of the House. We were in conference with them for several hours.

We then took the matter up with the Interstate Commerce Commission. We had the good fortune of having a very full conference, and they assured us they would take the matter up very promptly and do everything they could for us, and also recited the difficulties that they were encountering, saying that they had a great many interests to take care of besides the grain trade, and that they realized and fully appreciated the importance of providing necessary facilities to take care of the products of the soil, so as to make a market for the producer and yet not abnormally enhance the cost to the consumer. At the same time, they recited a good many difficulties they are up against at present, such as the switchmen's strike, and others.

The Federal Reserve Bank—Mr. Harding, was present at our conference, and he cited the great strain upon the credit situation of the United States, and he emphasized the importance of the Commission issuing an order under Section 402 of the Esch-Cummins Act—I want to be correctly understood: Mr. Harding did not make this—but this was discussed, that the Commission be empowered to issue an order under Section 402 of the Esch-Cummins Act, making it mandatory on the carriers who have in excess of one hundred per cent of equipment on their lines to move the products of the soil before commencement of the movement of the new crop, and unless an order of this kind is issued, all the avails and efforts of Mr. Kendall will be fruitless. I am sure Mr. Kendall is doing everything he can possibly do

to bring about the desired result, but apparently the railroads to whom these orders are issued accept them in a spirit of suggestion, instead of an order. Therefore we strongly urge that the authorities here to-day do everything in their power to see to it that the Interstate Commerce Commission issue an order under Section 402 of the Esch-Cummins Act on carriers having in excess of 100 per cent. of equipment, making it mandatory to return all box cars above their normal equipment to those roads serving the producing sections, before the commencement of movement of the new crop. (Applause)

Mr. McDOUGAL—Mr. Chairman, may I supplement Mr. Ewe's remarks, very briefly, if you please?

The CHAIRMAN—Certainly.

Mr. McDOUGAL—The American railway situation shows an actual box car shortage of approximately 250,000 cars. Without giving due consideration to the increased volume of traffic, which has risen enormously during the last four or five years, but notwithstanding these facts, the bank clearings of the country show a remarkable increase over those which prevailed a year ago. For instance, the bank clearings of Chicago for the month of March showed an increase of approximately 40 per cent. over those of March, 1919. While April shows a falling off from that record of March, which is a peak record, yet, notwithstanding that fact, they also show an increase of approximately \$450,000,000 more than a year ago.

My purpose in referring to this is to show that, while business is moving, and has been, up to this strike, at a tremendous pace, and the railroads of the country are handling more business than a year ago,—my purpose, I say, in stating what I have to say, is to show that grain is not now, nor has it been, for a long time, receiving its share of the transportation facilities of the country.

The total value of the farm properties of the United States is approximately 51 billion dollars. This is more than all the railroads, all the manufacturing, all the coal mines, and all the quarries, combined; yet, notwithstanding that tremendous sum, and that vast interest, which we are encouraging to produce more, notwithstanding these facts, the grain business of the country has not received its full share of the transportation facilities, and I think this meeting, before it adjourns, should take some cognizance of that condition, because these grain men,

millers, and others, are interested vitally in the products of the soil, and I think this meeting should take cognizance of that fact.

At a meeting held in Washington in December or January, that committee notified the railroads that if they did not immediately appropriate a certain proportion of transportation facilities for the movement of grain from the farms, which the farmer had tied up and willing to sell, regardless of price, that this spring would find the terminal markets bare of supplies, and in consequence thereof a great advance in prices would ensue.

That condition has been fulfilled.

I just wanted to supplement Mr. Ewe's remarks to this extent, while I know that most of you are familiar with this condition, yet I believe we would fail in one of the results of this meeting if we did not take some cognizance of it, and get some official action.

Mr. WELLS—Mr. Barnes, I would like to say a word about the car shortage condition, and the condition of cars. I recently checked, consecutively, 451 cars unloaded at the Des Moines Terminal Elevator, and 108 of those cars were refused for re-loading. They were loaded by the country shippers, but they were refused for re-loading.

The CHAIRMAN—They brought in grain, but they were not allowed to take grain out?

Mr. WELLS—Yes, sir.

Mr. SHANAHAN—Mr. Barnes—

The CHAIRMAN—Mr. Shanahan.

Mr. SHANAHAN—It seems to me there is one phase of this that is of equal interest, at least, that has not been touched upon. I believe it is true that, as Mr. McDougal says, we are 250,000 box cars short in this country, not considering the immense volume of business being done by the railroads, which would probably justify double that.

I noticed recently that the New York Central had issued bonds for \$50,000,000, and the Pennsylvania Railroad issued bonds for \$75,000,000, both at a high rate of interest, to buy equipment with. It didn't seem to me to be of any value to urge the Interstate Commerce Commission to issue orders to the roads to move these cars, when there were no cars to move. But I think it would be of interest to this meeting if someone here

knew just what was being done to replace this equipment, and to increase the equipment with new.

The CHAIRMAN—Mr. Ewe, did you have occasion to ascertain that in your investigation?

Mr. EWE—Senator Cummins told us he would have a conference with the Executives to bring out that very point, and said he wanted to make sure, before the revolving fund was increased by any recommendation of his Committee, that the carriers had exhausted efforts to acquire all the equipment necessary. But we cannot hope for relief on this crop, unless we get this box car equipment back to the originating carriers equal to 100 per cent. of their ownership. That must be returned to us immediately, otherwise it will be impossible for us to liquidate this crop.

Therefore, again, Mr. Chairman, I urge upon you the necessity of getting the Interstate Commerce Commission to issue an order to the carriers that have a surplus of ownership on their lines, to return to the originating carriers the box car equipment of those lines until at least they have 100 per cent. on their system. Lines like the Pennsylvania, for instance, at the time of the last report, they have 135 per cent. of box equipment on their line; so it would be very easy to provide equipment to the granger roads of the West if the Interstate Commerce Commission would issue such an order. Unless such an order is issued, we feel that no results will be attained. These grain-carrying roads of the West must have cars.

The CHAIRMAN—Let us see about Chicago. We have a switchmen's strike here that has now entered its sixth week. It has resulted in the total suspension of movement of a great many thousands of box cars right here in this center alone.

Is Mr. Gallagher here?

(No response.)

The CHAIRMAN—My point is, there are a number of centers, such as Buffalo, Chicago and New York, in which there is a total suspension of box car movement. Loaded or unloaded, they are not being used to carry freight. Is that your impression, Mr. Gates?

Mr. GATES—Yes, that is my impression, although I am not thoroughly familiar with traffic matters. Mr. McDougal can probably answer that.

Mr. McDOUGAL—That is approximately the situation.

The Chairman—Then we are feeling right now an accentuation of this situation by the strike position on the railroads themselves?

Mr. McDOUGAL—Yes, sir.

The CHAIRMAN—I have frankly wondered what the effect has been of giving up, on March 1st, a measure of that concentrated direction which the Railroad Administration exercised when it was in existence. For instance, we know that in 1915, with 2,356,000 freight cars in the United States, the railroads moved 277 billion tons of freight; and in 1918, with 2,366,000 freight cars, or almost the same number as in 1915, they moved 403 billion tons. That was one thing achieved by the unified direction of cars, and one of the economies which the Railroad Administration, by combined operation, were able to make, and the question in my mind was, when the railroads went back to private ownership on March 1st, whether they did continue these practices which were in the interest of economy of movement, or whether we are now feeling the disintegration of that combined operation. The railroads are on trial, as I view it, to see whether they can furnish the same amount of service now as under the Railroad Administration.

Mr. CROWELL—Mr. Chairman, I think you are possibly correct. This situation in the Southwest is perhaps the most acute of any section in the country. I am referring now to the Kansas City section, and south and west of that point. We are placed in a position there, at the present time, in which we have a crop coming on within a month or six weeks from now. The figures of the United States Grain Corporation show that we have, in the State of Kansas alone, sixteen million bushels of wheat which cannot move, of a value of about sixty million dollars. In Kansas City, alone, there is about ten million bushels, of a value of about thirty million dollars. It is estimated that on the farms in Kansas alone there are twenty-five million bushels of wheat. It is absolutely impossible to obtain adequate railway facilities for the furnishing of box cars in the Southwest, or at the Kansas City market, to move this wheat.

Now, as to the cause of it. The switchmen's strike is partly to blame. But, before that, it was impossible to get equipment. I am inclined to believe, and I have no hesitancy in saying so, that part of it is due to a policy of the railroads which is not

a just or proper one to the grain trade. Until you get the co-operation of the railways of this country in the pooling of their cars, or getting direction of their cars, you are getting nowhere, and getting no relief.

The situation is so intense in the Southwest, as affecting the banking facilities there—and in Texas, and all to the South, the banks, and in Nebraska the Nebraska banks, and in Kansas the Kansas banks, that they are loaned up to their limit. Over twenty million dollars of that is due to the non-movement of wheat alone. We now have the prospect of a new crop coming upon us, and it does seem to me that the necessity exists for the various Departments of the Government to coordinate in compelling the furnishing of car equipment to move this wheat. If Mr. Ewe thinks the Interstate Commerce Commission is not alive to the situation, if it thinks it cannot show a preference over automobiles or other classes of merchandise, if it thinks that the railroads are not going to select the higher paying freight before commodities, and cannot compel them to move the food products—in other words, if the United States Government or its different agencies, including the Wheat Director, including the Federal Reserve Bank, including the Shipping Board, including the Interstate Commerce Commission, will not take some action by having meetings and showing the situation, and compelling the railroads to act, we are not going to get anywhere. (Applause)

It is perfectly apparent to anybody who has watched the box car situation—outside of the strike—that cars are not being utilized efficiently. Every single railroad in the Southwest, at present is conserving their own equipment. They will not let it run beyond their own rails. Even if you offer them wheat going beyond their rails they are loath to furnish equipment for it all, because they have a demand for a higher class commodity. The result is that, in the Southwest, and I presume in the Northwest, too—but, mind you, we are only six weeks off from the new crop, and the Northwest is pretty near six months off from the new crop, and yet we are in a position that we cannot possibly clean up these country elevators, and the terminal elevators—with all the wheat sold, sold to mills shutting down, unless somebody takes some drastic action. These gentlemen have been on to Washington, and they have gotten nowhere. The furnishing of money to supply the railways with resources to buy power and equipment is a question of a year, at least. There is some equipment that can be utilized, if there is some power in

the Government to force it, whereby this grain can be moved out, the banks of the country put in position to liquidate their indebtedness to the Federal Reserve Bank and we become in better position to move this crop. You can talk all you wish about the future markets; there is no possibility that you can open these future markets, with any safety at all, until you get better transportation. (Applause)

I happen to be engaged in the export business, in part. I would like to know how any exporter offering wheat from Oklahoma or Texas is going to be able to bid on that wheat with any degree of safety? In the first place, you have no assurance of moving it. And in the second place, the financial situation is deplorable. That is true in Chicago, as Mr. Reynolds says, and in Minneapolis; it is deplorable by reason of the fact that the wheat of this country is not permitted to move for milling consumption or move for export. That is the most vital thing to this country; most vital to the banking interests; it is most vital to the grain trade, and most vital to the railroads themselves, and if they expect to prosper and have the backing of us men who have always backed them, it is time they realized it is vital. If the Interstate Commerce Commission cannot do something to afford relief, then all the arms of the Government ought to enforce the solution of this very intricate and unbearable problem. (Applause.)

The CHAIRMAN—Mr. Crowell, your statement leads us naturally into the question of country buying. I would like to have you follow up by saying what the effect of this transportation situation would be, with the approach of the new crop? If there are foreign buyers willing to pay \$3.00 a bushel at the Gulf, how near, under present conditions, do you feel the producer will get towards that \$3.00?

Mr. CROWELL—Well, I have a country line of elevators that I don't know what to do with. I have them filled with wheat, bought at a high price that I cannot get moved to any market. The Government Guarantee goes off on the thirty-first of this month. This wheat is all premium wheat and it can be moved now at much above the Government price, and protect the country grain buyer, but I can see no chance of moving this wheat before the new crop is upon us.

I cannot go to work and pay to the grower a fair reflection of what it might be considered to be worth, if it arrives in Kansas City in July or arrives at a Gulf port either last-half July or

first-half August, without any hedge, without knowing whether I will receive the wheat at all, as an exporter, even moving from my own elevator.

In the country, the country grain man is not going to work and take a view on the market. He can't reflect a fair value on this wheat because he does not know whether he is going to get it out within six months or a year. Wheat in the Southwest has been carried now in the country elevators for more than six months. I have two elevators that have only had four cars since last August, and full of wheat. The new crop is coming on; do you suppose I am going to take a chance on filling those elevators with wheat, at a price I might make up in my mind as being a fair price? Or even if you have a hedging market, am I going to hedge that wheat in any specific month, unless I have some assurance that I am going to be able to get it out in a year.

Consequently, I am going to buy from the farmer at a price that is not a fair reflection, or I am going to stay out of the market. No business man can go to work, as tight as money is, and buy wheat from the grower when he does not know when it is going to move. The terminal elevator man cannot buy wheat upon a future market that can be rendered an unstable one, an impossible one, because you cannot protect yourself by movement. If you will analyze this situation from a financial standpoint you will never get anywhere, unless you cut your own throat, unless we have some transportation and some power to move this wheat from the country, as well as from one terminal to another. The crux of this question is transportation. Banks are loaded to the guards with old-crop paper, and it is the most serious situation that ever confronted this Government, from some viewpoints and standpoints. (Applause.)

Mr. AYLSWORTH—Mr. Chairman, when the Grain Corporation distributed the Grain Corporation wheat in November there was quite a parcel of wheat delivered to the millers in Kansas City. About 700,000 bushels of that wheat were allotted to the various mills of St. Joseph, about seventy miles north of Kansas City. About 300,000 bushels or more were allotted to the mills of Leavenworth, about thirty miles away from Kansas City, and their due proportion was allotted the mills of Atchison, about forty or fifty miles from Kansas City, and so on.

Of the 112,000 bushels that were allotted to our mill at St. Joseph, we have, after trying our best and pulling every string we knew how, succeeded in getting about 10,000 bushels loaded. Out of the 112,000 bushels we have over 100,000 bushels in the

elevator at Kansas City that we have been unable to move from Kansas City during that six months. I went to Kansas City the other day and went to several of the elevator concerns, and I managed to find out who owns the wheat that remains in store there that was delivered by the Grain Corporation. I found that of the one-third or more of wheat that was delivered to the millers of the Northwest, that the wheat had been loaded and shipped. I found that wheat sold to mills in Texas had been loaded and shipped. I found that wheat sold to the nearby mills was still unshipped. In other words, wheat that had a long haul, was shipped. The point is, that the Northwest grain men and the millers are striving to get equipment to haul wheat in Minneapolis and Duluth, and they are having trouble. They are not making any cry about the wheat out of Kansas City because the railroads took care of it for them. We have bought wheat to fill the contracts that we made on that \$2.35 wheat and still have the wheat against which we sold that flour, and cannot get it moved.

If it is of any value to this gathering, I wanted to suggest that it is quite possible that human nature has asserted itself among the railroads, and it is only a body of this kind of men bringing it to the attention of the authorities than can change it. (Applause.)

The CHAIRMAN—Now, the country buyer. Is there someone prepared to speak for the country buyer? Mr. Goodrich?

Mr. GOODRICH—The country elevator men met and selected three gentlemen to represent their interests here,—or talk for them, rather. I was to talk for the winter wheat handlers of the Eastern-Central States, and Mr. Kell, of Texas, for the Southwest, and Mr. McCabe, I believe, of Duluth, was to talk also. I believe he was to talk second. We have not got very much to say about it in the Central States. Our wheat is pretty well shipped out. Transportation conditions are practically the same as outlined by the other gentlemen who have spoken. The railroads have fallen down, and are falling down, miserably, and we cannot see much future to the grain trade unless there is something done to better conditions.

We believe that future trading ought to be resumed, and that at the earliest possible moment, consistent with present conditions. We are not certain that it ought to be resumed very soon, unless the railroad conditions do change, so that this grain can be marketed when bought.

As a country shipper, I feel a good deal like the gentleman

from Kansas City; we don't know what we will do about buying wheat unless future trading is reinstated. We do not know what protection we will have. We have noticed in the past three or four years that it didn't make much difference whether we were hedged or not: the market was continually advancing.

Mr. KELL—We had a hedge by the Government, and have it yet.

Mr. GOODRICH—I don't know that I can say any more. I will say that some twenty-five or thirty of us gathered together, and a resolution was unanimously adopted that we were in favor of future trading in wheat, and that at the earliest possible moment. Mr. Kell, of Texas, was to follow, I believe.

The CHAIRMAN—Mr. Goodrich, let me ask you: If you had the opportunity of hedging in a future market you would be able to pay the producer a closer price, would you not?

Mr. GOODRICH—Oh, yes, much closer. With no guarantee, and no hedging market, I don't know what the margin would be, but certainly it would be much wider than in the old days. That is true also of corn, oats, and other crops. In our country, the corn crop is largely in the hands of the farmer and the elevator people, on account of the car condition. It occurs to me that if we were to resume future trading at an early date, and railroad conditions were not better, it looks to me like it might be very dangerous. We might have a runaway market, and the present state of mind of the people of this country would not welcome much higher breadstuffs. That is just an observation; I don't know that it is worth much.

The CHAIRMAN—Are you buying current deliveries now?

Mr. GOODRICH—There is no wheat left in our country.

The CHAIRMAN—No wheat left in your country?

Mr. GOODRICH—No.

The CHAIRMAN—You don't attempt to get the seaboard price, as a matter of course, and reflect it at all?

Mr. GOODRICH—Oh, no, no; not within fifty cents of it.

The CHAIRMAN—Would anybody like to ask Mr. Goodrich any questions?

(No response)

The CHAIRMAN—Thank you, Mr. Goodrich. Mr. Kell of Texas.

STATEMENT OF MR. FRANK KELL, OF TEXAS.

Mr. KELL—Mr. Chairman, and Gentlemen. At the meeting of the grain dealers who buy grain from the farmers, it was agreed that three of us would undertake to present our views to you; Mr. Goodrich representing the Grain Dealers' National Association, has just spoken to you. I was delegated to the job of undertaking to tell you about the situation in the Southwest; Mr. McCabe from the Northwest.

Now, the first thing that I think we want to discuss is the question of transportation, and in order that we might be perfectly frank with each other, and in order that we might get dependable information from first hands, and in order to keep the record straight, I would like to say that two of the mills in which I am interested in Texas have 150,000 bushels of wheat in elevators in Kansas City, been there since November, and unless they were moved yesterday, they are there yet. Mr. Aylsworth seems to have found out that my wheat is moving. (Laughter.) I also know of several other mills that have wheat in Kansas City, and still there. It may have been moved yesterday. (Laughter) Mr. Aylsworth, I am very glad to get that information.

It isn't anything new to any of us to complain about the railroad situation as being the primary cause of our troubles. We all know that. The question which addresses us here now is to find some way to relieve that situation. Now, there is not a railroad man in the country that does not know the situation, and know the importance of cleaning up this delayed traffic. The gentleman that spoke here—the chairman of the Committee that went to Washington—has truthfully told you about the encouragement he met. I happened to be present when his Committee went before the Senate Interstate Commerce Committee, and by the kindness of its chairman I was permitted to make a few remarks. I can say to you gentlemen that the Interstate Commerce Committee of the Senate is just as keenly awake to the situation as we are. I did not go before the House Committee. I have been before the Interstate Commerce Commission, and I do know that that body is keenly awake to the importance of the situation before us. You have seen by the papers that, since this gentleman's committee were down there, where they ask that the revolving fund of \$300,000,000, as agreed to and written into the Conference Railroad Bill, was not adequate, and acting upon the inspiration that was given those two committees, the railroad Executives have been asked down to Washington

City and they are now asking Congress to add \$325,000,000 more to that revolving fund.

That it may go into what? Two hundred thousand box cars, and two thousand locomotives. That only discloses to you that everybody knows the situation and knows the importance of it. This condition was not brought about by the wilful neglect of any individual or set of men. It was brought about as a war measure. It was brought about because the American people addressed themselves to the great job of winning the war. We can remember very well when we were first called together and put into effect the Government rules for handling of wheat. We remember that we had to build a machine. We had nothing to model it by. We had to take our chances. We all agreed that the thing to do at that time was that which would help win the war. We have won the war. We suspended the construction of new engines and equipment, except where it could be done without interfering with the manufacture of war material. It was perfectly natural that the box car equipment of the country would go down. It was natural that we would wake up after three or four years, and as Mr. McDougal has properly put it, find that we are short 250,000 cars. Then it was natural that we would wake up and find we needed two thousand engines.

The whole trouble is not with the box car; the whole trouble is not with the inability of the roads to have built new engines; but a part of it is due to the fact that, during the time that politics invaded our transportation, we lost the efficiency of all our railroad employees. We found we had to employ about one and one-third men for every man that was needed prior to Government control, and if we were under Government control next year we would need two or three men, where private ownership would do it with one. (Applause)

As a result of losing that discipline, we have lost the capacity for handling these cars; we have lost, as a direct result of losing that discipline, the capacity for moving these engines. Our shop men had no discipline; they had no loyalty. Our train men had more discipline and more loyalty, but they lost it. With the return of the roads on March first to private ownership, and the restoration of a competitive system in transportation, we commenced to improve.

Speaking particularly of conditions in the Southwest—I don't mean Kansas City, because that is no part of the Southwest—but speaking of Texas, chiefly, and Oklahoma, largely, we immediately improved the situation when we got it out from under

Government control. In my little town there were eighteen train crews laid off in the first week of private control. That tells the story. Those men were so thick they were really in each other's way. We have lots of loyal citizens in the employ of the railroads, that want to do the right thing. Our trainmen returned to their previous loyalty and efficiency and their discipline has improved rapidly. These shopmen did not; they have not done it yet. The trouble is that a great deal of the power we have on the roads cannot be used because we have not the efficiency in the shops to get them repaired. We want to do our utmost, whatever it may be, to create and restore that efficiency in those shops. I had a young man operating a passenger train; it was scheduled to reach our town at ten o'clock at night. It got in town two hours late, at twelve o'clock. This was during Government control. There was something got wrong with the air. He couldn't afford to take his train into the terminal without having that air fixed. He didn't have the instruments, or it wouldn't have taken him five minutes. He stopped his train in front of the shops, went over into the shop and found the superintendent, asleep; he woke him up and he says I "want to get my engine repaired." The superintendent finally got awake and said: "That is not in my department; that is in the department of Mr. Jones." So he went over to Jones' department and he found Mr. Jones asleep. He said "I want to get this fixed." Mr. Jones said: "You will have to get me a helper." And so he went off in another part of the shops and found his helper,—found him asleep. Then they went out there together, and in five minutes they fixed it up, and while he was getting them waked up, the train stood on the track for two hours.

All of this transportation problem was brought about by a condition for which no American citizen is responsible. It was brought about because our country got into war. We are trying to get out of war. The first thing we undertook to do was to get our railroads out of the hands of Government control. Thank God we succeeded in doing that! (Applause)

They came out from Government control on March 1st, in what was known as the Conference Railroad Bill. And, gentlemen, I may say this is the most constructive piece of legislation that we have enacted since we had our Constitution. It is not perfect, but it was the best we could get under the circumstances.

Now, as to what we can do here. That is the question. We can appeal to Congress. We can appeal to the Interstate Com-

merce Commission. We can say to them: "Make it possible for these railroads to get the money that is necessary for us to build these cars, and these engines, and have it done."

Now, I find that some of us are rather inclined to throw all the blame on the railroads. That won't get us anywhere. The facts are, there are just so many cars that can be built in the car shops in a given time; there are just so many engines that can be built in a particular time. What is the result? Until there has been some financing, until the Interstate Commerce Commission will have put into effect rules and regulations and freight rates that will bring about five or six per cent. earnings, as provided under the Conference Railroad Bill, there are a great many railroads that cannot finance. What is the result? What is the result pending that time? As someone has said, the Pennsylvania Railroad and the New York Central, and some of the other strong lines, have done some financing. They have placed orders for box cars, and for additional locomotives, but what are the weak lines doing? What are the little branch lines doing, that run out into the country where wheat is grown? Nothing. They are busted. They have got no money to buy box cars with, or even a hand car. What brought about this condition? It was brought about by a mistaken policy before the war, and by the acute conditions during the war.

What is our duty? Our duty is to say to the Interstate Commerce Commission, as this gentleman has said who went before the Senate Interstate Commerce Committee: First, increase that revolving fund from \$300,000,000, as provided in the Conference Bill, to \$600,000,000, and make it obligatory that this money be spent on equipment; let the Interstate Commerce Commission see to it that this additional \$300,000,000 is distributed among those companies that need these box cars, and see that the money goes into that direction. We have, as Americans, the supreme power in this land, and since our railroads are in the hands of the Government, it is up to us to say just exactly what should be done. Unless we do that, it will result just this way: Unless we urge the Interstate Commerce Commission to act quickly and distribute this fund so that they can do some financing for themselves, we will find that these big lines that were able to do this independent financing, will have gone in and contracted the capacity of all the car shops and locomotive shops of this country, and the little lines who serve the people who are represented here, will still find themselves without the ability to provide that needed equipment.

Under no circumstances would I be a party that we ever, at any time in the future, should go back to Government control. I don't believe the Government can do anything as well as competitive situations can do it; therefore, we must work it out ourselves.

Now, answering what was raised by Mr. Crowell—while everything he said is correct—yet he misunderstands the importance to a railroad line of getting its equipment back home. The railroads themselves are just as awake to the importance of equipment being returned home as any of us. They have raised the per diem from a pre-war charge of thirty cents to ninety cents a day. Every company pays ninety cents a day if they don't send them back home. There is a lot of those little lines in the southwest that could not pay ninety cents on ten cars, because they haven't got the money. All they can do is shove them back. It is our duty to try and remedy this, to work it in an intelligent way, without passing it on to George. We have a duty to perform, and I believe we can do it.

Getting back to the financial situation. Everything that has been said about the financial situation being crippled by the inability of the wheat being moved is correct, and it is going to continue until we remedy that defect. We are told by Mr. Crowell that there is thirty million dollars worth of wheat in Kansas City that cannot be moved. I agree with him. I have been calling for cars since December ninth, until my face was black, and I didn't get them until Mr. Aylsworth told me I got them, yesterday. (Laughter.)

We all know we have an acute financial situation. But, gentlemen, we have no financial panic, and we have no reason for a panic, unless we all turn crazy and make it ourselves. We have an elastic system of currency. We have a flexible circulating medium. We don't want to destroy it. We want to get in the saddle and help it. Mr. Crowell, may I say that I believe your Federal Reserve Bank has made a mistake. Lately, as you probably know, the Federal Reserve Banking Law has been amended by making it possible for the twelve Federal Reserve Banking Districts to evoke that law that where a bank has run beyond a certain ratio of its capital the rate commences to rise. I understand the Eighth Federal Reserve District has evoked that rule on some of the banks, and the Federal Reserve System is perfectly strong enough to help them, yet by the putting into effect of this rule they would have to pay eighteen to twenty per cent. on rediscounts. In my opinion, that does not help the situation. In my opinion it has hurt it, and as a business man it is my duty,

and as business men it is your duty to help work this out and see that our Federal Reserve System is not turned against us, instead of for us. I am a citizen of the Eleventh Federal Reserve District, and I will say, if that rule is not evoked before I get back to Texas, I feel it will not be done. I feel I have sufficient power to keep it from being done. It is our duty to work in harmony with each other, as your Chairman indicated to you this morning; it is our duty to have the same kind of teamwork that we had during the duration of the war until we emerge from these conditions. I know there is soundness of business thought enough in this country to work these problems out if we set our minds to do it. The American people have never met failure; we are not going to meet failure this time. There are plenty of ways to work it out, and we are going to do it.

Now, getting back to the situation that probably your Chairman intended me to speak on, and only that—the Southwest. (Laughter.)

We have a probable forecast in Texas of 15,000,000 bushels wheat and 35,000,000 bushels in Oklahoma. My understanding is the crop in Kansas will probably run up to 125,000,000 bushels. The Texas crop will be in full movement by July 1. Without any opportunity of protecting that crop by a future market, and with the possibility that we cannot move that wheat freely for export, what will be the result? That is what I was expected to talk to you about. I have a bunch of country elevators. Friends that I represent have a number of country elevators. Now, would we buy that wheat if this condition would come about: No hedging market facilities, no cars to move it, and no export market? No, we would not buy that wheat. We would probably fill our small country elevators on the first movement, and we would wait, and finally, in the end, the fellow who grew the wheat would be the fellow that was punished. If we bought at all, it would be on a safe basis. What that would be none of us knows. Contracts can be made to-day so that wheat in July would be employed in these contracts at a price that we could pay the farmer \$2.85 or \$2.90 on contracts quoted for July. And then, with no exchange, and no car movement, a drop of \$1.00 a bushel might look to be a very small drop. Particularly is that true in Texas. We buy that wheat usually during July and August. Down in Texas they raise cotton as well as wheat, and the wheat farmer tries to get his wheat off his farm and into the market so as to take care of his cotton crop around the first of September; therefore we move all of that crop in July and August. Consequently, it is of vital

importance that we know as soon as possible what we are going to do. Mills and grain men of our country buy that wheat, carry it, and grind it themselves or sell it out to mills, as the season progresses. With wheat bringing \$2.90, and with no place to hedge, nobody can afford to fill his elevator and wait until he sees what the outcome of the spring acreage is going to be. If the spring wheat crop turned out all right, then we could probably see our way, because we would rather take our chances in buying wheat elsewhere and shipping it in, even though it involved a heavy freight rate.

What we want is this—and it was the consensus of all the grain men represented in our sub-committee—at the earliest possible date that the option markets could be opened with safety, the better it would suit us, and the better it would serve the farmer in the Southwest, where the wheat will soon commence to move.

I thank you. (Applause.)

Mr. CROWELL—Mr. Chairman, just one word. Here is a question, however, that I think Mr. Kell has missed. You all know Mr. Kell is a great railroad operator, a great miller, a great oil man, and he is also a great grain man.

I agree, as far as this conference is concerned, that we ought to go on record as favoring new equipment, and so far as the matter of equipment available a year or two from now is concerned, that is the proper solution for it. But, if it is true to-day, that the Eastern lines have upon their rails, some of them as much as 135 per cent. of the normal equipment, then I say that some of this equipment ought to be returned to the Western lines. That is what we are confronted with. We are not confronted with the future so much as in two months from now, and the next four. I know on railroads in Kansas City leading to the territories in the Northwest, I have had orders for three months to move grain to Minneapolis, and I have not received one car. I have in the Elevators now sold to Northwest over 600,000 bushels of wheat that I cannot move. Mills are suffering for it, and the railroads won't give me a single car, on orders placed a long time ago.

If that is due to the equipment situation, I think some power could be evoked to make those Eastern lines return to the Western lines a certain per cent. of cars that are now held there, either under load or as empty. This is something that has got to be done—the moving of this wheat. (Applause.)

The CHAIRMAN—Mr. McCabe, will you tell us something about the Northwest's problem?

STATEMENT BY MR. W. J. McCABE, OF DULUTH.

Mr. McCABE—I would like to feel, in all these matters, that we look on the optimistic side of the situation. I believe in what Mr. Crowell has said, and that Mr. Ewe has said, that the question of the return of box cars at this time is the vital thing. I had an interview with an official of the Great Northern road a few days ago, and he told me they had 74 per cent. of their box car equipment. I think the Northern Pacific had just a little less than that. So that we can readily see just what our equipment is in the Northwest, and that 74 per cent. is made up of indiscriminate cars that are furnished from all over the country, many of them off of branch lines that do not handle grain as the leading item of freight. That is the thing that is bothering us in the Northwest, more than anything else. Even with a light crop last year, there is a fair percentage of wheat in elevators, and also a fair percentage in farmers' hands, to move to market at present. Our markets in the Northwest are at a greater premium than the markets in the Southwest, so we who are holding this wheat in the Northwest are in a more dangerous position than dealers in the Southwest.

We have the same problem of outstanding paper coming due in the banks, and we want to liquidate and clean up in the next few months.

Now, in relation to the question of future trading, which I was supposed to speak on for a moment, representing line elevators, and also farmers elevators throughout the Northwest. I don't know what our position would be without the future trading. I don't think we would be able to continue in business. We could not afford to finance buying of grain on basis of \$3.40 a bushel in the terminal elevators, and not have hedging facilities to protect ourselves. We would simply have to go out of business, and handle it as we could load it out in the car. It would be foolishness, almost in the extreme, to try to fill up a line of elevators, or finance the farmers elevator companies to purchase grain on that basis, without an adequate hedging proposition before one. Conditions in the Northwest are probably much different from the Southwest. We have many farmers' organizations all through the Northwest which are financed by the commission men in the terminal markets, and you will readily see that the commission men would not want to extend credit to them

without they had the protection of hedging their daily purchases. So that you can see, without a future market to hedge in, we could not get along.

We believe, in the Northwest, that the month of December would possibly be as early as we could hope to have future trading, but we do want to say to this committee that we are supposed to report to, that we leave it to their good judgment as to when future trading should be started, but we do want it as early as the problem can be worked out. Thank you. (Applause)

The CHAIMAN—In your current purchases now, are you paying as close to the daily Minneapolis or Duluth basis as you did formerly?

Mr. McCABE—We are working on the same basis as we did during the crop-year.

The CHAIRMAN—And how does that compare with pre-war?

Mr. McCABE—It is somewhat wider.

The CHAIRMAN—Would the resumption of hedging markets enable you to pay closer?

Mr. McCABE—Yes. I may say, in pre-war times, we worked on about a 4-cent margin, less freight. Now we work on basis of about 7 or 8 cents between the terminal markets. On the question of hedging there is also the problem of durum wheat. We had that, you will remember. If we made a sale, we could not ship it.

The CHAIRMAN—Anybody like to ask Mr. McCabe any questions?

(No response.)

Mr. DALRYMPLE—Mr. Chairman, we have with us Mr. Theodore Wold, Manager of the Federal Reserve District at Minneapolis, from whom I am sure this gathering would be glad to hear.

The CHAIRMAN—Mr. Wold.

STATEMENT OF MR. THEODORE WOLD, OF MINNEAPOLIS.

Mr. WOLD—Mr. Chairman, and Gentlemen. I feel more or less as Mr. Reynolds; I feel we look at this question entirely from a financial standpoint. I am somewhat familiar with the

financing of grain in what is known as the Ninth Federal Reserve District. Just let me emphasize for a moment what Mr. Reynolds touched on, as to the difference between Federal Reserve notes, and credit. Federal Reserve notes are circulating medium. That is not what we are short of to-day, gentlemen. It is credit that is lacking. And that is due, very largely, to the very excessive prices on all commodities.

The situation in the Northwest is extremely unusual. At this season of the year grain men and millers normally ought to be, and are, liquidating their indebtedness. This year, due to the inadequate transportation facilities and other reasons, there is at this time tied up in grain and allied trades about \$150,000,000. We have a crop planted that ought to mature and come on to the market in about one hundred days. Unless this grain comes to the market and is ground into flour, or is shipped out in the form of grain, our money that we have usually financed the grain trade with will have been used, and how they are going to get money with which to buy the next crop is more than I can tell at this time. You cannot have the terminal elevators full of grain and have money tied up there, and have money to buy the new crop. That is a problem that will have to be worked out, and the grain trade will have to work it out, but from the bankers' point of view we cannot see how it is possible to tie up another hundred million dollars unless the grain which is now tied up on the farm and in the country elevator is released.

On May 31st there is the possibility of an open market. I am reminded of something your Chairman said in his opening address: he referred to the amount of money used in the different trades in proportion to the capital invested, and if I recall, Mr. Chairman, in the grain trade it was something like five dollars for every one dollar of capital invested. How does it happen that the grain trade and allied trades are able to get such large lines of capital as compared with other activities? It is due to the fact, in my opinion, that grain has always been considered cash; but more especially due to the fact that the people to whom they advanced this money had the grain sold at the time it was bought. In other words, they had it hedged; which not only protected the buyer, but protected the banker who advanced money. Now the problem confronting the banker is how much and how far he is going to ride along with the grain trade and millers in advancing money on \$3.35 wheat, without any guarantee or hedge. I rather expect, unless some provision is made for a hedge or guarantee, that the grain trade will have to be put upon the same basis ap-

proximately as other trades, which is going to mean more difficult to get funds with which to finance the crop unless there are hedging facilities.

And when you commence to talk about an open market it raises another question which bankers are discussing, and that is if the hedging market is open, if the free market is established and the law of supply and demand prevails, what will happen to the price of wheat? Where may it not go? The difficulties with the banks and with the Federal Reserve System are due to these high prices. If wheat should go to five dollars a bushel, where in the world is the money coming from to finance it? It is a problem so big that I would hate to express an opinion, without any way to alleviate or solve the problem, but there are several angles to be considered. The grower who now feels—I have letters in my pocket from a number of farmers in the Northwest, written since this meeting was called, saying that they thought that the time has arrived that their products should be sold on the basis of supply and demand, the same as cotton is sold, and let the price go where it may. The financial situation must be taken into consideration, because if wheat goes to five dollars a bushel and other grains go in proportion, the strain upon the banking system would be so terrific that it might break down. The milling situation would have to be taken into consideration, and last, but not least, the public, the consumer. If wheat goes to five dollars, where would flour go? I am not a miller; I cannot tell where flour would go. And what would be the feeling on the part of the consuming public? So that it seems to me that this problem must be solved by taking into consideration the grower, the middle man, the elevator man, the terminal man, the banker, and the public, and with the committees formed, as was suggested and arranged for in your meeting this morning, I feel quite sure you will be able to solve this problem in a way that will be eminently satisfactory to all concerned.

Let me emphasize again, however, that the situation—the financial situation in the Northwest, and the situation in the Northwest due to the fact that the railroads have been unable to move the crop, is very serious. I have not talked with anyone in the grain trade or milling trade who is confident at all that between now and the time the next crop moves that they will be able to liquidate down to any considerable extent. That, Mr. Chairman, should be kept in mind by those who have this problem to solve, because if you cannot finance it, it makes no difference whether you have an open market or not.

I thank you for the opportunity of talking to you and regret I cannot talk more intelligently on this most important subject at the present time. The railroad situation is **bigger, of course, than** the problem you have to solve. It is going to take a long time to solve it. It is absolutely impossible to solve that railroad problem in time to correct the situation in the Southwest in July, when the crop moves, or even in September, when the crop moves in the Northwest. You have got to take the situation as you find it, and make up your mind you have got to handle the situation with the railroad situation and the number of box cars and the amount of motive power they have at this time. I thank you. (Applause.)

Mr. PECK—If this is the proper time, Mr. Chairman, I have a resolution I would like to offer. It is a resolution to accept the following, and have same transmitted to the Interstate Commerce Commission: (Reading)

“ That the Interstate Commerce Commission be respectfully requested and earnestly urged to take the following action:

“ (1) That an adequate movement of empty cars, suitable for transporting grain, grain products and live stock be made immediately effective from all lines holding in excess of their ownership to the territory producing said commodities for the purpose of immediately moving the present and impending accumulation of said commodities.

“ (2) That an order be entered requiring a systematic return to the carriers serving said territory of the classes of cars required for the transportation of said commodities until said carriers shall have received and shall retain one hundred per cent. of said classes of cars owned by them; and that the Commission make said order to cover such other classes of cars as may in its judgment be necessary to meet any present emergency and future requirement with respect to other kinds of traffic.”

I move the acceptance of that resolution by this body and that same be transmitted to the Interstate Commerce Commission.

The CHAIRMAN—Gentlemen, I suppose any motion is in order that you are willing to accept, but we have just provided for the appointment of a General Committee of the grain trade to act in all these phases. I don't know, but perhaps it would be wiser if that Committee considers that part of its work, to let the Committee make certain recommendations which it may deem proper.

I only state that as my opinion. You are perfectly justified in passing on this resolution or any other resolution. What is your pleasure, gentlemen, about this resolution?

Mr. SHANAHAN—Mr. Chairman, I move to amend the motion to place the matter in the hands of the Committee of Five, instead of this body acting on the matter.

A VOICE—I second the motion.

The CHAIRMAN—Gentlemen, you have heard the amendment, duly seconded; those in favor signify by saying “Aye.”

VOICES—“Aye,” “aye,” “aye.”

The CHAIRMAN—Those opposed, “No.”

VOICES—“No,” “no,” “no.”

The CHAIRMAN—Mr. Peck, have you any very strong feeling about this?

Mr. PECK—No, except I feel that it is necessary that pressure be brought to bear on the Interstate Commerce Commission to issue this order returning their one hundred per cent. equipment to the granger carrier lines, and the only object I have in presenting this resolution at this time is to see that that is carried out. I think every day is important. My object in offering the resolution is to get it to them as quickly as possible. We feel we have done everything we can do to bring about that result.

The CHAIRMAN—Mr. Shanahan, you said refer it to the “Committee of Five”; do you mean the Committee of Five, or the General Committee?

Mr. SHANAHAN—I should have said the General Committee. I wish to amend that to the “General Committee.”

The CHAIRMAN—Is there any other comment? If not, the vote will be taken on the question of amendment. Will those who are in favor of the adoption of the amendment please raise your right hand.

Those opposed to the adoption of the amendment please your hand.

(The amendment was adopted by a vote of 64 to 35.)

The CHAIRMAN—The motion is then before you on the adoption of the presentation of this resolution to the General Committee, for such action as they deem wise, as I understand it. Are you ready for that question?

VOICES—Yes.

The CHAIRMAN—Those in favor will please signify by saying “Aye.”

VOICES—“Aye,” “aye,” “aye.”

The CHAIRMAN—Those opposed, “No.”

(No response.)

The CHAIRMAN—Gentlemen, I would like to have someone speak for the Terminal Dealers.

Is there someone prepared to present how they look on the necessity of the hedging market? Mr. Van Dusen, wouldn't you say something about the position of the Terminal Dealer, with or without a hedging market?

Mr. VAN DUSEN—I understood somebody else had been selected. I would prefer he would talk.

The CHAIRMAN—Do you know who, Mr. Van Dusen?

Mr. McDOUGAL—I understood Mr. Peck, President of the Terminal Elevator Association, was to speak for the terminal elevators.

The CHAIRMAN—Mr. Peck?

Mr. PECK—I don't believe I have anything to say on this subject.

The CHAIRMAN—How would the absence of a hedging market hinder your operation in the terminals?

Mr. PECK—We would have to have hedging markets or we could not handle any grain.

The CHAIRMAN—Many of these gentlemen operate country facilities, and we want to understand each other's problems.

Mr. PECK—I don't know as I could elaborate very much on that.

The CHAIRMAN—That is, you would find it very difficult to buy wheat in your terminal elevators unless you have some place to hedge it?

Mr. PECK—That is the situation, exactly.

The CHAIRMAN—Well, perhaps that is enough.

Mr. OWEN—Mr. Chairman, it has been suggested that it might not be possible to open the hedging market in the Northwest before December. Granting it was necessary or desirable to hedge wheat, would it not result in a loss to the producer if hedging is not resumed until December? I would like to know that——

The CHAIRMAN—I think the point was mentioned, not to sell for a future delivery earlier than December.

Mr. OWEN—Oh, yes.

The CHAIRMAN—But those are details that will be elaborated on by the Grain Exchange representatives.

Mr. VAN DUSEN—I would be glad to say just a word in regard to the terminal elevator matter.

The CHAIRMAN—Please.

Mr. VAN DUSEN—Heretofore, the handling of grain in the terminal market has been facilitated by the use of hedging markets. The financing of purchases has been very easy because of the protection surrounding receipts issued against such grain. In the absence of any future market in which to hedge purchases, certainly so far as our industry is concerned, we would not buy wheat, at present. I doubt very much if we would be in the market to make purchases at all, but if so, it would be on a basis that would not reflect to the producer the price that he ought to get for his grain. And, on the other hand, the consumer would undoubtedly have to pay more than he otherwise should. In other words, we would conduct our elevators simply as a storage proposition, storing wheat.

The CHAIRMAN—Any questions about the terminal elevator situation?

(No response.)

The CHAIRMAN—Now, will somebody speak for the millers and show what effect the absence or presence of a hedging market would have with them? Mr. Bell?

STATEMENT OF MR. JAMES F. BELL, OF MINNEAPOLIS.

Mr. BELL—Mr. Barnes, the time is brief, and I will promise not to speak but for a few moments.

I do find that we are under very peculiar obligations to yourself, and I do not want to let this opportunity pass without ex-

pressing to you the measure of full appreciation we feel for all that you have done in these last three years. I know we are filled with admiration for your ability, for the sacrifices that you have made, and for the splendid and masterly way in which you have conducted the whole operation. (Applause.)

It is but a small measure of thanks that we can offer you, but it is very deeply felt, and I emphasize it at this time, although you have heard it a great many times before, because you come to us at this time and sound the note of decontrol. The Government soon ceases to operate, and the handling of the great grain problem is thrown back upon individual initiative. You came here to give us the benefit of your good advice and counsel and to outline these problems to us in a broad way, and to awaken in us a spirit of the occasion which demands constructive action to take up the burden. I sincerely hope that in the next few months, when this problem will be very great, that we may have the benefit of your good advice. I heard a good definition of a pessimist the other day, as a man who wore both suspenders and a belt. (Laughter.) I don't wear either. This is no time for that. This is a time to offer constructive suggestions looking to the solution of this great problem. It is easy enough for the mind to run to the realm of conjecture and imagine all the things that might happen, but as someone has said, the best part about our troubles is that most of them never happen, and that those that are real can be successfully handled by the exercise of good thought and judgment.

I think it bespeaks a most helpful courage and spirit to see the action of this body to-day in appointing a Committee through whom all our ideas, thoughts and details can clear. I think that body should get into operation just as soon as possible, and if I may just interrupt here to suggest that before this meeting adjourns, that a date for a meeting should be appointed—although that Committee is not formed yet, a date ought to be set, that would assure a meeting of the Committee, so as to get it going, and I think further that we should give it an address, here in Chicago or elsewhere, to which communications should be sent, so that those who have any ideas or thoughts looking to the solution of this great problem would have some place to send them, and that would be on hand here for the Committee's consideration when they meet.

While I said this is no time for pessimists, this is a serious situation, and one that requires the exercise of sober decision and judgment. It is a little difficult for the mind to go back five years

and recall that period when we had the most wonderful transportation system in the world, and where the facilities for the handling of our grain were the best in any part of the world. Now the fact that it did exist is assurance that it can be recreated. The whole machinery of marketing was erected on the principle to maintain a very small margin between producer and consumer and with adequate protection afforded in our markets, which at all times daily reflected the pressure of world prices.

Now, those are the principles still upon which a new structure must be raised, and will be raised. Of course, as Mr. Wells said this morning, that a crop was of value to a country either as food product or converted into cash to liquidate debts. A potential profit on a crop is of little value on the farm. Therefore, transportation becomes the all-important problem. That transportation must be mobile and fluid. We are inclined to look on the railroad situation with a view of meeting the abnormal peak-load. We all realize that the railroads have a tremendous burden to carry. No doubt additional efficiency can be worked out, but I do not think the picture is as dark as has been painted. No doubt the General Committee can take up that problem along with the other problems. I hesitate, in view of the fine structure you have set up, to work out these problems; I hesitate to go into details on this milling situation. I will only touch lightly on those features which bespeak the relationship of the miller to all elements of production and distribution.

The miller, as you know, is the purchaser of 75 per cent. of the entire wheat crop, and it is the credit of the miller that makes possible the free marketing by the producer. It is the credit of the miller that maintains a free flow of flour in the channels of trade, to meet the demand of the people of the country. It is a very large amount that is required. I suppose it is safe to say there is in process of flow twelve million barrels of flour, outside of that which is in stores and on the railroads. Back beyond that is the supply of wheat coming forward from the producer to the mill, almost an equivalent amount. You can see the great financial burden under which the miller is laboring at all times.

He must have adequate protection; he must give assurance to the banks that loan him money that he is amply protected, and he always has been, through the operation of the exchanges and future hedging. We all want to see the exchanges open just as rapidly as possible, but we must realize that there are factors abroad that make that attended with some difficulties. It is

impossible to set a calendar date or opinion for the reopening of the markets. We must be governed by conditions in the market as to the proper time, to be sure that when it is opened its successful continuation will be assured.

Now, we know that there is a general dislocation of all transportation throughout the world. If we have surplus crops, we must share them with the rest of the world. That is our duty. It is a life and death matter with them, and in their situation they have crept into our markets and created difficulties. We want them to share with us. They should share with us. Our market, so far as possible, should fulfill world pressure and demands, but we do not want to let those foreign buyers come in and create conditions of great disturbance. They might, and they are at present, taking our grain in preference to our finished product. They could come in here and, with our inadequate transportation, run our prices very high, and bring about instability of our markets, which would make financing very difficult. It is not a question of foreign demand, but a question of the foreign buyer bidding up a crop under abnormal conditions. We must preclude that possibility. We must prevent those things that would increase hazards to an extent that would widen the spread between producer and consumer, and put an added measure of responsibility and loss on all elements. That is one thing I think we must protect. That is one of the things that militates against reopening of the market. There is no question, when that situation is solved, that you have authority to do it.

Our interests are identical and parallel with those of all the grain handling and producing elements, and it is only by the coordination of efforts that we can hope to accomplish results. It is not a question today of profit and loss, but it is a question of protecting investment, and it is a question of lending our experience and knowledge to the solving of great economic problems.

That is the position of the miller. The miller is quite ready to lend his most constructive thought to the proper solution of these difficulties.

I want to say that I feel all of us are under peculiar obligations to Mr. Reynolds for the splendid talk he gave and for sounding the note which dominated this meeting, and which has been most helpful. I want to offer a resolution that this meeting tender a vote of thanks to Mr. Reynolds.

VOICES—Second the motion. (Applause.)

The CHAIRMAN—Gentlemen, the motion to tender the thanks of this assembly was duly made and seconded. Those in favor say "Aye."

VOICES—"Aye," "aye." "aye."

The CHAIRM.^r—Those opposed, "No."

(No response.)

The CHAIRMAN—So carried. Gentlemen, in discussion of this milling phase, do any of you have any questions you would like to ask Mr. Bell?

(No response.)

The CHAIRMAN—Now, on the question of Flour Jobbers, who buy from the mills, who is to speak for them?

Mr. HORAN—Mr. Wunder.

The CHAIRMAN—Mr. Wunder.

STATEMENT OF MR. B. H. WUNDER, OF NEW YORK.

Mr. WUNDER—Mr. Chairman and Gentlemen: It is not my intention to enter into any long discussion of the troubles of the flour distributor and flour handler. God only knows his troubles have been legion during the past three years. Not alone has he had the transportation problem to cope with at all times, but also he has had the substitution problem trouble in addition, and even in this last year he has had the competition of the United States Grain Corporation in the flour business, so his troubles have certainly been sufficient. (Laughter.)

It seems to me, speaking for the flour trade as represented at this meeting, and all large flour centers are represented here, that we must look at this proposition from a strictly unselfish standpoint. Every single man in the business—country grower, country buyer, terminal elevator man, miller, seaboard exporter and flour distributor—has a deep interest in the proposition, and each and every one should try way down deep in his heart to work out the problem from the least selfish standpoint. We cannot go ahead with this proposition and try to figure out how to help anybody in the trade, no matter what line of the trade he might be in, but he has got to figure it out as to how he can best serve the country at large at this time. The problem is a vast one, no doubt, but we have got to approach it strictly from an unselfish viewpoint.

Mr. Bell stated in his talk a short time ago that 75 per cent. of the wheat crop went through the millers. I wonder if this assembly realizes then that 75 per cent. of the wheat crop passes

through the flour handlers and flour jobbers of this country? It is that class of trade that the miller must look to in order to get rid of his capacity, and therefore the flour trade of the country should be considered to no small extent. In the caucus which the flour trade held here after the morning session they came to the conclusion that under the existing conditions in this country, not alone business conditions, but also social conditions, we must go very slow, that we do not institute an orgy of speculation in wheat, to the undoing of everything that is stable in this country. It is the opinion of the flour trade that if we have open trading on exchanges in wheat in the early part of the coming crop that you are going to see a wild orgy of speculation, not only on the part of foreign buyers, but also on the part of the American public, who, as we all know, at present are somewhat speculatively inclined. If the markets are thrown open, it gives an opportunity to increase that sort of speculation in this country, and I don't feel that would be doing exactly what is your duty. Surely there must be some other basis without opening the opportunity for a wild speculative orgy which no doubt would come if the markets are thrown open. The flour trade came to the conclusion that it would be best for all interests if it can be so worked that there shall be no future trading in wheat until after October 1, at the earliest. At that time the winter crop will have been harvested. We shall then know how the Spring crops are coming out. There will be no chance then for a wild orgy of speculation, which we will surely have if the markets are opened for future trading in the early part of the crop year. I thank you. (Applause.)

The CHAIRMAN—Mr. Wunder, do the flour handlers and flour jobbers, as a rule, use the hedging markets?

Mr. WUNDER—No, they do not. They are strictly merchants. They naturally have from one month's to six months' supply bought ahead, but ordinarily they do not hedge their flour. Undoubtedly some of them do, but they are not the conservative dealers in the trade; they are the ones that are called speculators in the flour trade. (Laughter.) By that I mean that there are certain classes of trade in all big markets who do not buy flour to merchandise it, but merely to speculate, and in their speculation they often have, in years past, used the hedging markets to hedge, after they had a profit in the flour they purchased, but not before.

The CHAIRMAN—The statement was made here this afternoon that the buyers of wheat from producers would find it diffi-

cult to make their necessary loans unless they could assure banks that they had hedged their grain in some way; that is not true in the flour trade?

Mr. WUNDER—No.

The CHAIRMAN—The banks do not require that?

Mr. WUNDER—No.

The CHAIRMAN—Are there any questions you would like to ask Mr. Wunder?

Mr. HARGIS—I would like to ask if the date the gentleman suggests would not work a great injury on the producer in the Southwestern territory, where the crop movement is much earlier than October 1, and where we have by that time already passed our peak movement? It would work a benefit to the Spring wheat producer, to the detriment of the Winter wheat producer in the Southwest. I can see a very great injury to a large part of the agricultural part of the United States.

The CHAIRMAN—Your question is suggested by the date of October 1st?

Mr. HARGIS—Yes.

The CHAIRMAN—Wouldn't that be a matter for this General Committee to discuss?

Mr. HARGIS—I presume so.

Mr. BELL—Would the flour jobber be willing to undertake to do a portion of the financing that is necessary, without protection? Otherwise the miller would have to bear that burden.

The CHAIRMAN—In that case, your point is that the jobbing trade could not absorb the mills' offerings?

Mr. BELL—The miller finances that up to the time it reaches the flour jobber. Now, would the flour jobber be willing to take his share of the burden of financing?

The CHAIRMAN—That is another one of those questions——

Mr. BELL—I just wanted to bring that out. I don't expect an answer, but I bring that up to show the difficulties we would have in bringing a flow forward and giving service.

The CHAIRMAN—Then I think you all get Mr. Bell's idea, that the flour jobber does not pick up the burden of this flour until a certain stage.

Mr. BELL—That is it.

The CHAIRMAN—Now, let us hear from the Bakers.

STATEMENT OF MR. J. B. ARTHUR, OF NEW YORK.

Mr. ARTHUR—To bring our question before you, Mr. Chairman, I would like to read a telegram we sent yesterday to Honorable A. Mitchell Palmer, Honorable E. E. Clark, Honorable Walker D. Hines, and to yourself:

The telegram above referred to was read by Mr. Arthur as follows:

May 6, 1920.

"Honorable A. MITCHELL PALMER,

"*United States Attorney General,*

"Department of Justice, Washington, D. C.

"Our company operates large bread bakeries at Chicago, Cleveland, Pittsburgh, Baltimore, New York, Brooklyn, Newark, Providence and Boston. To-day we have only one week's supply of flour on hand and five week's supply rolling, amounting to three hundred cars. Our normal conditions are three weeks' supply in stock and three weeks on the road. This flour is traveling east of Chicago on the Pennsylvania, New York Central and Lackawanna systems and we are wiring you to ask that some quick action be taken by you to have carloads of material for use in the baking business given preference so as to prevent a bread famine. The above reflects the condition of the baking industry of the country and is serious.

"WARD BAKING COMPANY.

"J. B. ARTHUR, Vice-President.

"Same telegrams to:

"Honorable E. E. CLARK,

"Chairman, Interstate Commerce Commission,

"Washington, D. C.

"WALKER D. HINES,

"Director General Railroad Administration,

"Washington, D. C.

"JULIUS H. BARNES,

"c/o La Salle Hotel, Chicago, Illinois."

Mr. ARTHUR—That accounts for some of the cars that don't get back to the West. We have three hundred cars that we cannot get back.

The CHAIRMAN—You say "we"; you are speaking now only of your own concern?

Mr. ARTHUR—Yes. And we will have to confess we have had very good treatment from the railroads, up to the switchmen's strike, but this is a serious condition. Our stock has been absorbed now and we must get our flow, but with the exception of these cars on the road now we have been fairly fortunate, so far, in delivering it. As far as our company's views are concerned, in regard to this future trading situation, I think we are in favor of decontrol of the Government, and I think the wheat situation can be handled by the Committee. I believe there should be future trading in wheat.

The CHAIRMAN—Will you tell us whether bakeries generally use the hedging market?

Mr. ARTHUR—We do not, But there is no question but what the hedging market is an indirect benefit to our trade.

The CHAIRMAN—Would anybody like to ask any questions?

Mr. CROWELL—Why don't you buy some of that Grain Corporation flour? (Laughter.)

The CHAIRMAN—I will excuse you from answering that. Anybody else any sensible question now to ask?

(No response.)

Mr. HARTLEY—Mr. Chairman, I am a baker, from Chicago.

The CHAIRMAN—Mr. Hartley.

STATEMENT OF MR. JOHN M. HARTLEY, OF CHICAGO.

Mr. HARTLEY—We have heard about the trade difficulties, but right beyond all of these, there lies another element, and that is the public. Mr. Arthur speaks for the Ward Company and tells you of the difficulties of the bread bakers, but I am afraid Mr. Arthur does not come in personal touch with the public. We little fellows do. I sell direct to the public. It is a question

now of a slight raise in the price of bread. If you want to see what the public thinks, try to sell them. Mr. Bell is interested in getting a flow of wheat to their mills. Our trouble is getting a flow outward, at profitable prices. Now, every one of us has an axe to grind, but we have got to grind it on the same grindstone. The farmer has got to be taken care of. He is the one biggest factor in our National life. The public also have to be cared for. The public don't know what you have been saying here. I doubt if there is a newspaper man who could possibly set before them just exactly what has occurred here. And if it was set before them in a wrong light, then, of course, they can only fail to understand all the difficulties. For instance, talking about the millions of dollars of wheat in Kansas City, and the amount that will be carried over into next crop, the public will say, "Why was flour sixteen dollars a barrel yesterday in Minneapolis, when there is all this surplus wheat?" "Why do you try to get more for bread?" It is a matter of tradition, and psychology with the public. There is a sentiment about the price of bread. When you, gentlemen, are considering this, you want to remember that you are dealing with a question absolutely of public interest. If anything should happen to future trading—if there is a runaway market, you will have the public on their ear. On the other hand, let me tell you there is an immense quantity of wheat in Russia. It may be held up there now, but you must consider that possibility. There is immense pressure being brought, particularly by England, to open up trade with Russia. The chief incentive to trade with Russia is to get that wheat. They have it. If the Black Sea is opened for trade again, where will your surplus crop of wheat go, and what is it worth? I don't know. I am in a small way of life. It is not a parochial question. We have got to look at this question from a universal point of view. Look what happened to sugar. Where did the sugar market go? Yesterday I was offered sugar at thirty-one cents a pound. If control had been maintained until sugar supplies were adequate, it would have been a different story. Now sugar is thirty-one cents. If I continue in business I must buy sugar to operate. If there is any possibility that that state of affairs will happen in the wheat and flour market, you gentlemen of the General Committee go slow. I would like to see things back to the old proposition of supply and demand. Certainly, but remember that things are not the same, in transportation, in ocean freights, in the cutting off of the old European market, as they are cut off; things are not normal, and can-

not be normal under present conditions. The world is not on a normal plane, and remember that wheat and bread are the things we must have; remember that wheat bread is the one big universal food.

When the history of the conquest of Peru was written by Prescott, he defined how a man had so many ounces of silver, and so many ounces of gold, but how was he to quote it so the people could understand? He wrote to a certain friar, who had written a history, and that friar said to reduce it to the value of wheat. Somewhere in the 50's, wheat, the one universal grain, was the real standard of value by which he could compare any one thing.

I think this same thing is true to-day. It is not a question of wheat. It is a question of the price of the staff of life, and, gentlemen, go to it rather prayerfully. (Applause.)

The CHAIRMAN—I am glad we got that reminder, that, after all, the machinery that we set up is only a means for the translation of the product of the farm to ultimate consumer, and with the smallest possible toll; that is the justification for securing these trade processes and the justification for the hedging system, which makes these trade tolls as small as possible between farm and home.

Now, I think it is time to take up the Grain Exchange view of extending their facilities. Mr. Gates.

STATEMENT OF MR. L. F. GATES OF CHICAGO.

Mr. GATES—Mr. Chairman and Gentlemen:

Even though it is late, and even at the risk of repeating much that has been said, I must, in speaking for the Exchanges, state their cases somewhat fully.

From the standpoint of the Grain Exchanges, this is a national question, with certain international complications. It is an economic question, not a commercial question. It may become a social question. It is not a question to be discussed by demagogues or theorists merely, nor by market speculators; but it is a question that entitles the most serious mental speculation that the combined brains of this gathering and entire trade is capable of. It is not a matter for scary headlines or sensational articles, but very intelligent publicity.

In speaking of an open market, I am sure we all agree, from what has been said, that we are thinking of the open market as it existed when the war came upon us. The machinery of an

open market is entrusted to the Grain Exchanges. It does not belong to the grain exchanges. They are simply the trustees for all the people. That machinery does not belong to us, but we have inherited it as trustees from former generations of grain men, whose combined wisdom and experience has built up a system of handling crops between producer and consumer on a basis far less than any other commodity in the world is handled; and it is because of our appreciation of that machinery, and our wish to preserve it, that we shall need your help, your counsel, and all the constructive suggestions that you may be able to make in connection with the solving of this problem.

This is an international problem, because, as Mr. Barnes has well said, the Governments abroad are subsidizing their bread supply, and they will either financially back their buyers or be the direct buyers of our surplus wheat. We feel just as much concern over their disposition as buyers to press prices as anyone over any reason that causes the concentrated buying that may congest the market under conditions as they now prevail. That makes it somewhat of an international problem. It is of interest to all people of this country, whether they use hedging machinery or not, because every individual in this country has benefitted unconsciously through the operation of the grain exchanges in trading in grain for future delivery. I think it is a compliment to that system because there has been here to-day an almost universal demand for its re-establishment. Those that have stated that they do not use it, none the less benefit by it.

There is talk against speculation. May I say this in passing, that if all those who should legitimately use the markets, for the purpose for which they were established, if they would use them that way, it would largely eliminate the necessity for speculators in the market.

Aside from this problem of foreign complications, there is the problem of domestic complication through a possibility of governmental interference. While it is true that, in all reasonableness, the Lever Act should have expired before this, and while it was expected that it would have expired long before the expiration by limitation of the Wheat Guaranty Act, it remains technically in force and effect, and may be invoked under stress of circumstances to interfere with the operation of an open market.

Now, the position of the grain exchanges is that, while they are not only willing, but anxious, to restore as soon as possible to all departments of trade the facilities for ready hedging which

minimize the margin between producer and consumer, and consequently of benefit to all people—while there is that willingness and desire to re-establish this machinery, there is also a desire that when the markets are opened, that they remain open—not subject to interferences by foreign governments or our own. That position was taken by the Committee on Grain Exchanges before the House Committee on Agriculture at the time the guarantee on wheat was discussed. We were anxious then to open the market, but only under conditions where merchants might trade with merchants without fear of governmental interference.

The possibility that there might be some interference is emphasized by the transportation problem, which, as Mr. Barnes has rightly said, is the key to the whole situation. Under stress of poor transportation, which prevents a free flow of commodities to consumer from distributing channels, you can well see that there might be such a public sentiment brought to bear upon the Government officials charged with the enforcement of the law, that the operation of an open market might be interfered with, or might be altogether suspended, which would put in jeopardy all contracts which had up to that time been made. Now, we think a great deal of the sacredness of our contracts that are made on the exchanges, and we wish to have such conditions available when the market facilities are opened as will give confidence in those contracts, for it is confidence on which the whole structure is based.

Though these problems are serious, we feel that they are not without solution. The situation is by no means hopeless. And I am very glad that this gathering has been called and that a Committee has been appointed to bring about a constructive plan, which I feel sure when submitted will have the support not only of every man in this meeting, but of every organization that is here represented. With free transportation we have less fear. At least the problem of foreign demand will then be far less complicated than is the problem under present conditions. The problem would be much simplified if transportation could be solved, because under a free application of the law of supply and demand it is quite possible that we would have all the wheat that Europe could buy under such conditions, because the more they bought the more they would have to pay for it, and their financial situation is not of the best, though no doubt they would be able to get sufficient funds in this country to buy the bread they need. That problem is one that would more or less tend to correct itself,

because under the law of supply and demand, the higher the price the greater the temptation to stimulate production and to substitute. Under their subsidy plan, part of this is removed because the consumer does not have to pay the price which the Government has to pay, and that, I understand, at the present time is costing England 200 million dollars a year to subsidize bread.

As I say, while these problems are serious, they are by no means hopeless. Those men, who in the past have met conditions that resulted in the excellence of the present machinery, had problems to solve. It is now our turn to solve some problems, and I think the exchanges have courage to solve those problems, with your help, and with the co-operation of our Government.

There are many minor problems that enter into this matter. When we begin the operation of those markets which we hope will help the producer to get a larger proportion of what the consumer pays than has been possible under conditions where every bit of cash grain has been handled in a speculative way, and risks consequently assumed which must be compensated for—when we re-establish that machinery it may not be just the old markets to which we have been accustomed. This is a comfort for those old markets, but we may not have it just as satisfactory as we have been accustomed to. The streets are a bit slippery, and when we take the machine out we must put on the chains; we must travel slowly, not only for the protection of those who ride in the machine, but also for the protection of all along the way. We are not unwilling, Mr. Wheat Director, to re-establish our machinery, when it can be done with safety. We are anxious, as the custodians of this machinery, to render it useful to the country, as it has been in the past; but as the custodians of the machinery it is our duty not to allow its abuse, and not to allow the destruction of the machine through misuse. I am sure these problems can be solved. Exchange members are hopeful, everywhere. All thinking men in the grain business are giving their best attention to this problem, and I feel very confident, with the assistance and help and wisdom of not only Mr. Wheat Director, but Mr. Barnes, when he no longer holds that official position, as well as with the assistance of all elements of the trade, that we shall be able to solve these problems, and in time, to render the machine fully as efficient as it has been in the past. (Applause.)

The CHAIRMAN—Gentlemen, I have no doubt that Mr. Gates would be glad to answer questions, as you have all done. Are there any phases or any details you want to ask Mr. Gates?

(No response.)

Mr. WELLS—Mr. Chairman, I just came in, I don't know whether this is an interruption of the proceedings, but your Committee of Five has considered, owing to Mr. Crowell's inopportune motion, that instead of our troubles being at an end, they have just started, and we have had to come back for instructions. What have you in mind, if you please, in regard to the organization of that Committee? Was it the idea that the temporary chairman should call the other members together and at that time perfect an organization?

The CHAIRMAN—Well, I dislike to interpret the resolution until I am sure what is meant, but it seems to me that you, as chairman of the Committee of Five, must decide, or your committee must decide, upon the plan for enlarging that Committee, determine the number and who they shall represent.

Mr. WELLS—Is it your desire that the Committee should submit the personnel of the Committee?

The CHAIRMAN—I think by all means the gentlemen should know before we leave.

Mr. WELLS—That being the case, we will read at this time——

The CHAIRMAN—Mr. Wells, will you come forward, please, so that everyone can hear you?

Mr. WELLS—Yes.

It has been the endeavor of the Nominating Committee, if I may call it such, to classify in a general way the various interests represented in this meeting. There will be a duplication of representation, unavoidably, because many of the members of the proposed committee who are acting in trade capacities would also be exchange members, naturally, and unavoidably, but after considering the matter and bearing in mind the inadvisability of having too large a committee, and at the same time have a representative committee, we would offer the following recommendation:

That the groups be divided as follows: Millers; Country Dealers—that group would really comprise those who had the most intimate relationship with the country markets; in other words, it would not necessarily refer to the line elevator companies, but the farmers' elevators—Terminal Elevators, as covered by the Terminal Elevator Grain Dealers Association; Farmers Organizations; Producers; Exchanges, enlarging the

list to those exchanges from the eight who do conduct future trading, to include other exchanges, who seem to have problems of their own not directly controlled by the problems of the terminal market; Exporters; Flour Handlers; Bakeries; and then, chosen at large, a representation of men who are particularly qualified to advise and work on transportation problems.

To each of these groups, with the exception of Exchanges, we would suggest the allotment of three members on the General Committee, which would make twenty-seven in the nine groups.

Now, as to the Grain Exchanges, there were eight embodied in the resolution appointing a Committee of Sixteen; eight which are to furnish markets for future trading. To those eight we have added seven in addition, which, as I said, had different problems, making fifteen exchanges, each with a representation of one on this Committee. I again call your attention that there is a duplication of representation because some are exchange members and also in trade capacities.

That would make a Committee of Forty-two, exclusive of the Five, which Mr. Crowell so generously added.

We would like an expression of opinion as to whether this grouping is satisfactory and as to whether the representation proposed would meet with the views of this meeting.

The CHAIRMAN—Gentlemen, what is your opinion?

Mr. MacMILLAN—Gentlemen, might it not be advisable to have someone on the committee especially familiar with the problems of finance?

Mr. WELLS—We considered that problem, and while there is no question of inter-relation between our problems and that of finance, yet we assumed that any time it seems desirable the Governors and Managers of the Federal Reserve Banks or local bankers would be very glad to co-operate with us. We thought it best to keep the membership in this Committee restricted to those who are actually engaged in grain or grain products business, calling in outsiders for advice as the necessity arose.

The CHAIRMAN—Does that satisfy you, Mr. MacMillan, or have you a further suggestion?

Mr. MacMILLAN—That is all right. I just wanted to be sure that it was not overlooked; that is all.

Mr. WELLS—Our thought was, if this grouping was satisfactory, that we would call for nominations on the General Committee.

The CHAIRMAN—Mr. Wells, would you like an opinion first as to whether this grouping is satisfactory?

Mr. WELLS—I think so, Mr. Chairman.

The CHAIRMAN—Gentlemen, what is your opinion?

Mr. SHANAHAN—Mr. Chairman, I move that the grouping as read by Mr. Wells be adopted as satisfactory.

(The motion was duly seconded and unanimously carried.)

The CHAIRMAN—Then I would ask all of those gentlemen present, if you have any communication to go to the General Committee, to forward them to the Chairman, F. B. Wells, Chamber of Commerce, Minneapolis.

Mr. WELLS—And if there be desire on the part of other interests, which through inadvertence have been overlooked, to be represented on this committee, the committee wishes to have such inadvertence called to their attention.

The CHAIRMAN—Addressing all communications to Mr. F. B. Wells, of Minneapolis.

Now, gentlemen, we have heard every section of the grain trade, have we not? Is there any other section?

I don't want to adjourn until we hear something about the Producer. I realize that it is very difficult to have a representation which could speak for the Producer generally, and yet there are sections which can give a very accurate gauge on what the Producer feels about the market machinery, and how he feels. I would like to ask the Producer to give us some light on that.

STATEMENT OF MR. C. H. GUSTAFSON, OF LINCOLN, NEBRASKA.

Mr. GUSTAFSON—Mr. Chairman and Gentlemen. I have to leave in a few minutes, and so I won't talk very long. I don't know that I am prepared to say much, although I am representing the Producers, coming from Washington, having participated down there in the meetings on the car shortage question. That is the biggest question, it seems to me. In preparing myself to go to Washington, I sent out some questionnaires to elevator managers on five different systems of the railroads in the State of Nebraska, and I will try and just briefly give you the answers.

One of my questions was: "What would be the effect on your community if you are unable to get cars to get the present

grain that is in your elevators at present, and in the farmers' hands, to the market?" And the answers ranged from "Bad" to "Disastrous." "Ruination," one man put it, if we cannot get cars.

Another question was: "What will be the effect, financially, if you cannot get grain out of elevators?" As has been pointed out here this afternoon, many of our elevators have gone the limit in buying grain and borrowing money, and our bankers can no longer furnish money. Some of the answers were: "It would ruin the community." Most of them were to the effect that it would ruin the communities if they could not get that grain out of the country. Many elevators are plumb full of grain, and from the reports I have received they tell me that we have from twenty to thirty thousand bushels of last year's crop still in the hands of the producer. Now, if we cannot get cars, I don't know what is going to happen. I am not a pessimist, but I am trying to look into the future. Hired help is exceedingly scarce, and expensive, and if we can't get cars, what are the farmers going to do? It has been pointed out that harvest-time is here in thirty or forty-five days, and that is true. That is farther south. It will be here in my State in less than sixty days. But, gentlemen, there is something following harvest-time. There is the preparation for seeding next year. What will be the effect on the farmers if they cannot dispose of last year's crop? And if they cannot dispose of this year's crop, how are they going to look on sowing any more wheat?

We need help. Our transportation system has broken down. There is no question about it. The farmer is willing to produce grain. The elevator people are willing to handle it, but we cannot move it. People are willing to buy it. Gentlemen, I hope you will do everything you can, just as we did down at Washington, in impressing upon those that might take this matter in hand, the necessity of getting cars, and getting them quick.

Another question that has not been touched upon which I sent out in my questionnaire is this: "In what condition are the cars that you do get?" And I believe practically all of them said: "Fifty per cent. were unfit for grain." Some said they rebuilt some of them and put in a claim to the railroad company, and the railroad company turned down the bill for a little lumber used to rebuild a car. That is the situation we have out in the Central West, in the second heaviest producing winter wheat State in the United States, and they export a good deal of corn also—Nebraska. I think what is true in Nebraska is pretty

generally true. The biggest question to my mind in this whole thing is the question of getting this grain out of the country. Our farmers out there need to turn that grain and get some money. I am wondering if something cannot be done to give us a fair show, with all the other commodities shipping to and fro in this country. We farmers have been willing to do our bit during the war, and we are willing to do it in the future; but unless we can get rid of what we produce, what is the use of producing? We can get us a little mill, grind enough flour to feed ourselves, and if we have to, we can buy a spinning wheel and clothe ourselves, but what will the rest of you do?

Gentlemen, the situation is serious, awfully serious. I want to repeat again, if anything can be done to get cars moving, that is the first thing to be done.

As to the other matters brought up here, I am not prepared to say, not feeling that I have kept close enough touch with the farmers generally, so I would not like to go into any detail; but what I do hope that this Committee will do, the first thing on the program, is to get these cars where they can be loaded with grain, at least get some cars back to us where they rightfully belong. Why should twenty-five or thirty per cent. of our cars, that rightfully belong in the West, be tied up in the East? The farmers are entitled to them. They did their duty and their share during the war and are willing to do all they can now, and I hope as the result of this meeting you will find some way of impressing upon the rest of the people the necessity of getting cars to move this grain. (Applause.)

I thank you, gentlemen. I believe that is all I have to say. (Applause.)

The CHAIRMAN—Gentlemen, would you like to ask Mr. Gustafson any question?

Mr. GUSTAFSON—I would be glad to answer anything I can.

Mr. KELL—Are you in favor of opening the option markets, and if so, when?

Mr. GUSTAFSON—I beg your pardon?

Mr. KELL—Are you in favor of opening the option markets; and if so, when?

Mr. GUSTAFSON—I would not be prepared to answer that, not knowing that question was to come up. I just happened to drop in on this meeting on my way back from Washington.

The CHAIRMAN—Any other question?

Mr. GUSTAFSON—Mr. Barnes, I believe I may say I am speaking for the farmers when I say we don't want any more Government control over our wheat. (Laughter.)

The CHAIRMAN—There is very little doubt in my mind that most of you do not.

Mr. GUSTAFSON—I don't want you to think that is any reflection on Mr. Barnes, but we feel, as farmers, that if our wheat is controlled, everything else ought to be controlled also: steel, copper, iron, cotton, and everything else. That is the way we feel.

Mr. MOSES—If the farmers of this country ever owed a vote of thanks to anybody, it is to Julius H. Barnes.

Mr. GUSTAFSON—Well, we appreciate that—

Mr. MOSES—Because, in making these Trade Agreements, he made the Guaranteed price the minimum price, instead of the maximum price.

Mr. GUSTAFSON—I want to repeat again, it is no reflection on the Wheat Director, or anything of that kind, but the farmers as a rule feel that had not this price been placed upon wheat, we would have got more for our wheat. That is the way they feel. The great majority of farmers feel that we would have got more for our wheat if there had been no price.

The CHAIRMAN—As long as the question has been introduced, I am inclined to say I agree with Mr. Gustafson. I may say that I have served in carrying out a guarantee that I never believed in and against my will, but when I was asked by the President to serve in carrying out this guarantee I conceived it my duty to lay aside that preference.

Gentlemen, I hope the result of this conference is a better understanding of the problems of the other sections of the trade, on which can be built a harmonious plan of operation, with or without future hedging. We have set up a Committee in which I know you will all have confidence; you have that committee under a chairman who will impress in every way the importance of the transportation phase, which has been demonstrated to be the main trouble.

While you are gathered together, if there is any other phase which you can discuss with each other or with me, I would be

glad if you would use this opportunity. It is evident we are going to be able to finish to-night, but if there is any other phase or phases, let us drag them into the light and see what the truth is regarding them.

Then, gentlemen, it seems quite proper for me to thank you for coming to this conference, and as this is the last trade conference that I hope to preside over in my official capacity, I want to express my appreciation for the utterances I have heard in commendation of the Grain Corporation; I am glad you are able to take up this disagreeable duty, and hope you all prosper.

Mr. BELL—I move the assembly extend to Mr. Barnes a vote of thanks for calling this meeting, and helping to work out our problems.

(The motion was duly seconded.)

(At 5.30 o'clock P. M., May 7, 1920, the meeting duly adjourned.)

The following expressions were received by telegraph:

“New Orleans, Louisiana,

“May 6, 1920.

“JULIUS H. BARNES,

“*Wheat Director,*

“Care La Salle Hotel, Chicago, Illinois:

“Repeating our night letter May 5th to New York. Your letter April 30th on subject of re-opening grain exchanges of the country for future trading in wheat.

“This question was submitted to our grain interests at a special meeting here to-day and it developed they were unanimously opposed to future trading in wheat for some time to come. Regret our inability to send representative at this time to the meeting in Chicago, but particularly desire that you know our views on this subject.

“WARREN KEARNY,

“President, New Orleans Board of Trade.”

“Pittsburgh, Pennsylvania.

“JULIUS H. BARNES,

“La Salle Hotel, Chicago, Illinois:

“Favor resumption of trading as before war.

“NATIONAL STOCKMAN AND FARMER.”

(Telegram)

“ Kansas City, Missouri,
May 7, 1920.

“ JULIUS H. BARNES,

*President of U. S. Grain Corporation in Convention, Chicago,
Illinois.*

“ Dear Sir:

“ I congratulate you on your success as President of the U. S. Grain Corporation. Hope you will retain the minimum guarantee on wheat. A minimum of \$2.50 and a maximum of \$3.25 should be very satisfactory to producer and consumer. I believe a minimum and maximum price should be set on the staple products, wheat, corn, beef, pork, rice, cotton, sugar, etc. The difference between the two will afford the grain exchanges with possibly a hundred per cent. greater fluctuations than before the war and tend to regulate the marketing. I consider putting on a maximum the only effective method of checking the high cost of living. Just so long as necessities advance the country will be in a state of unrest and we will continue to have renewed demands for higher wages, which results in a continuation of strikes.

“ I am a producer, but I can see the consumers side, and I would be willing to base labor on all the maximums established. This should be a remedy for the strikes, except from the radical element, and we can handle them when conditions are such that we can pick them from the others; let the price set stand for two seasons, then adjust again along the same line, then we should all know about what we are doing and would stabilize business over the entire country. If it was necessary I would be willing to pay an extra tax for its support. I believe the Government can pacify the people along this line more quickly than by any other method.

“ Very truly yours,

“ W. L. THOMASON,

“ Farmer,

“ Platte City, Missouri.”



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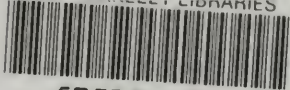
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